

2008 - 2010 EXECUTIVE BUDGET

VOLUME I



**STEVEN L.
BESHEAR**

GOVERNOR,
COMMONWEALTH
OF KENTUCKY

**MARY E.
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STATE
BUDGET
DIRECTOR

Kentucky
UNBRIDLED SPIRIT™

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Executive Branch

	<u>Revised FY 2008</u>	<u>Requested FY 2009</u>	<u>Requested FY 2010</u>	<u>Recommended FY 2009</u>	<u>Recommended FY 2010</u>
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	9,014,177,200	11,398,421,150	12,352,779,350	8,867,125,200	9,081,905,100
Special Appropriation	32,066,800				
Current Year Appropriation	150,303,300	340,600	341,900		
Continuing Appropriation	277,526,600	232,489,700	232,489,700	215,775,400	26,000,000
Budget Reduction	-65,262,416				
Salary Compensation Fund		778,200	778,200		
Base Deduction	-17,377,500				
Mandated Allotments	47,714,600				
Other	9,379,100	2,000,000	2,000,000		
Total General Fund	<u>9,448,527,684</u>	<u>11,634,029,650</u>	<u>12,588,389,150</u>	<u>9,082,900,600</u>	<u>9,107,905,100</u>
Tobacco Settlement-Phase I					
Tobacco Settlement - I	94,000,000	120,109,300	121,999,200	119,690,000	121,580,000
Continuing Appropriation	57,159,100	28,921,200	15,978,400	19,903,700	6,960,900
Other	23,470,000				
Total Tobacco Settlement-Phase I	<u>174,629,100</u>	<u>149,030,500</u>	<u>137,977,600</u>	<u>139,593,700</u>	<u>128,540,900</u>
Restricted Funds					
Balance Forward	440,278,134	278,497,978	253,219,955	230,962,100	164,386,900
Current Receipts	4,429,451,707	4,590,974,400	4,750,683,700	4,426,437,300	4,438,469,200
Non-Revenue Receipts	979,417,459	715,972,600	732,471,300	705,165,900	670,580,800
Fund Transfers	-108,383,400			-111,561,100	-49,285,700
Total Restricted Funds	<u>5,740,763,900</u>	<u>5,585,444,978</u>	<u>5,736,374,955</u>	<u>5,251,004,200</u>	<u>5,224,151,200</u>
Federal Funds					
Balance Forward	73,722,400	34,714,845	26,082,500	36,509,100	29,245,800
Current Receipts	7,511,242,200	7,952,724,155	8,237,254,800	7,647,696,100	7,876,838,700
Non-Revenue Receipts	5,898,300	5,450,800	5,405,800	5,209,500	5,158,800
Total Federal Funds	<u>7,590,862,900</u>	<u>7,992,889,800</u>	<u>8,268,743,100</u>	<u>7,689,414,700</u>	<u>7,911,243,300</u>
Road Fund					
Regular Appropriation	1,255,136,900	1,342,901,500	1,427,431,300	1,297,614,400	1,397,823,400
Surplus Expenditure Plan	21,163,300				
Current Year Appropriation	98,100				
Other-Road	20,771,400				
Total Road Fund	<u>1,297,169,700</u>	<u>1,342,901,500</u>	<u>1,427,431,300</u>	<u>1,297,614,400</u>	<u>1,397,823,400</u>
Highway Bonds					
Balance Forward	45,755,300				
Non-Revenue Receipts	350,000,000			50,000,000	
Total Highway Bonds	<u>395,755,300</u>			<u>50,000,000</u>	
TOTAL SOURCE OF FUNDS	<u>24,647,708,584</u>	<u>26,704,296,428</u>	<u>28,158,916,105</u>	<u>23,510,527,600</u>	<u>23,769,663,900</u>
EXPENDITURES BY CLASS					
Personnel Cost	5,140,728,800	6,059,792,700	6,405,415,700	5,080,218,900	5,157,351,000
Operating Expenses	2,462,085,900	2,652,882,738	2,737,725,038	2,423,626,800	2,441,835,300
Grants, Loans or Benefits	13,640,515,700	15,175,390,750	15,935,496,950	13,518,093,300	13,848,330,300
Debt Service	766,612,400	878,300,700	1,054,290,300	844,130,000	861,965,500
Capital Outlay	200,871,200	220,429,500	215,045,700	174,018,600	174,069,000
Construction	1,735,723,000	1,002,618,662	1,088,884,962	1,051,571,000	1,104,397,900
TOTAL EXPENDITURES	<u>23,946,537,000</u>	<u>25,989,415,050</u>	<u>27,436,858,650</u>	<u>23,091,658,600</u>	<u>23,587,949,000</u>
EXPENDITURES BY FUND SOURCE					
General Fund	9,046,148,500	11,401,439,950	12,358,020,450	8,864,625,200	9,079,680,100
Tobacco Settlement-Phase I	143,307,900	133,052,100	128,960,100	132,632,800	128,540,900
Restricted Funds	5,509,801,800	5,338,585,423	5,502,094,500	5,086,617,300	5,092,548,900

Federal Funds	7,554,353,800	7,968,590,600	8,252,858,700	7,660,168,900	7,889,355,700
Road Fund	1,297,169,700	1,342,901,500	1,427,431,300	1,297,614,400	1,397,823,400
Highway Bonds	395,755,300			50,000,000	
TOTAL EXPENDITURES	23,946,537,000	26,184,569,573	27,669,365,050	23,091,658,600	23,587,949,000
EXPENDITURES BY UNIT					
General Government	1,062,929,700	1,626,008,000	1,742,903,300	976,936,700	1,007,338,500
Commerce	223,053,800	281,738,150	296,402,950	209,359,800	212,577,100
Economic Development	65,453,600	62,014,200	70,297,000	27,520,800	30,000,900
Department of Education	4,513,631,100	5,171,231,700	5,519,515,400	4,526,375,900	4,548,288,600
Education Cabinet	874,572,800	918,067,700	928,242,000	857,170,400	853,995,600
Environmental and Public Protection	627,912,000	674,317,900	702,187,900	557,174,700	581,401,100
Finance and Administration	560,589,600	793,929,900	803,335,500	729,598,700	729,327,100
Health and Family Services	7,129,672,900	7,856,859,800	8,257,142,000	7,221,261,200	7,498,174,900
Justice and Public Safety	876,905,300	1,093,512,623	1,141,848,500	858,148,100	890,353,800
Personnel	53,013,600	61,644,300	64,105,300	56,261,900	57,632,600
Postsecondary Education	5,105,569,000	5,532,349,000	5,927,018,300	4,957,260,100	4,984,559,400
Transportation	2,853,233,600	2,112,896,300	2,216,366,900	2,114,590,300	2,194,299,400
TOTAL EXPENDITURES	23,946,537,000	26,184,569,573	27,669,365,050	23,091,658,600	23,587,949,000

General Government

General Government

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	617,619,500	1,203,205,600	1,305,276,800	573,768,100	615,191,500
Special Appropriation	5,400,000				
Current Year Appropriation		302,000	303,300		
Continuing Appropriation	4,978,700				
Budget Reduction	-2,226,400				
Salary Compensation Fund	3,007,500	35,200	35,200		
Base Deduction	-561,100				
Mandated Allotments	34,154,000				
Other	9,379,100				
Total General Fund	671,751,300	1,203,542,800	1,305,615,300	573,768,100	615,191,500
Tobacco Settlement-Phase I					
Tobacco Settlement - I	20,065,100	35,312,800	36,256,400	35,291,000	36,234,600
Continuing Appropriation	28,052,700	19,903,700	6,960,900	19,903,700	6,960,900
Other	11,735,000				
Total Tobacco Settlement-Phase I	59,852,800	55,216,500	43,217,300	55,194,700	43,195,500
Restricted Funds					
Balance Forward	54,345,703	46,008,357	37,906,957	35,763,600	28,628,400
Current Receipts	103,790,519	111,772,700	113,851,400	103,158,700	103,811,600
Non-Revenue Receipts	45,042,778	55,427,700	78,538,800	50,586,200	50,539,000
Fund Transfers	-10,938,600			-2,257,000	-2,107,000
Total Restricted Funds	192,240,400	213,208,757	230,297,157	187,251,500	180,872,000
Federal Funds					
Balance Forward	21,475,900	22,420,200	12,799,800	22,363,500	11,182,300
Current Receipts	209,989,300	189,507,000	185,293,100	187,630,500	183,733,100
Non-Revenue Receipts	-3,000,000	-3,000,000	-3,000,000	-3,000,000	-3,000,000
Total Federal Funds	228,465,200	208,927,200	195,092,900	206,994,000	191,915,400
Road Fund					
Regular Appropriation	600,000	620,000	627,900	500,000	500,000
Total Road Fund	600,000	620,000	627,900	500,000	500,000
TOTAL SOURCE OF FUNDS	1,152,909,700	1,681,515,257	1,774,850,557	1,023,708,300	1,031,674,400
EXPENDITURES BY CLASS					
Personnel Cost	247,643,300	333,411,800	357,307,500	240,393,500	248,145,300
Operating Expenses	86,849,600	100,752,700	100,023,200	83,409,600	83,882,200
Grants, Loans or Benefits	584,526,600	858,884,900	876,805,000	532,345,500	540,850,300
Debt Service	137,290,800	129,537,500	168,818,700	116,095,400	129,986,000
Capital Outlay	4,710,000	4,670,000	4,095,900	3,058,300	3,215,300
Construction	1,909,400	3,594,600	3,219,600	1,634,400	1,259,400
TOTAL EXPENDITURES	1,062,929,700	1,430,851,500	1,510,269,900	976,936,700	1,007,338,500
EXPENDITURES BY FUND SOURCE					
General Fund	659,802,100	1,203,542,800	1,305,615,300	573,768,100	615,191,500
Tobacco Settlement-Phase I	39,949,100	48,255,600	43,217,300	48,233,800	43,195,500
Restricted Funds	156,476,800	177,462,200	201,542,100	158,623,100	156,537,200
Federal Funds	206,101,700	196,127,400	191,900,700	195,811,700	191,914,300
Road Fund	600,000	620,000	627,900	500,000	500,000
TOTAL EXPENDITURES	1,062,929,700	1,626,008,000	1,742,903,300	976,936,700	1,007,338,500
EXPENDITURES BY UNIT					
Office of the Governor	9,998,900	11,926,200	12,513,100	9,390,300	8,949,500
Office of State Budget Director	4,945,800	5,247,100	5,554,700	3,926,400	3,877,200
State Planning Fund	250,000	500,000	500,000	220,000	220,000

Energy Policy	14,560,700	10,276,300	9,781,300	6,822,800	6,663,000
Homeland Security	28,624,400	28,762,200	24,446,100	27,991,900	24,104,600
Veterans' Affairs	43,949,300	58,717,700	63,056,300	43,920,300	45,507,900
Governor's Office of Agricultural Policy	45,059,800	49,004,800	43,879,100	48,781,600	43,676,200
Kentucky Infrastructure Authority	77,554,100	54,405,300	80,291,900	52,881,000	58,168,100
Military Affairs	116,651,600	115,688,500	115,162,000	89,775,000	90,276,700
Commission on Human Rights	2,348,300	7,750,400	8,134,600	2,181,600	2,245,700
Commission on Women	284,800	340,900	359,000	249,900	256,100
Governor's Office for Local Development	97,657,500	77,910,300	75,011,800	68,402,700	68,273,500
Local Government Economic Assistance Fund	56,876,700	51,443,100	51,443,100	55,693,000	57,755,100
Local Government Economic Development Fund	54,399,200	56,598,800	56,598,800	52,396,300	47,642,800
Area Development Fund	785,400	809,700	809,700	691,200	691,200
Executive Branch Ethics Commission	498,500	578,200	610,900	494,500	494,500
Secretary of State	3,132,500	4,355,600	4,208,400	2,947,000	3,011,000
Board of Elections	4,931,200	16,644,700	15,003,200	17,021,100	15,657,700
Registry of Election Finance	1,470,000	1,992,300	2,105,400	1,347,400	1,382,200
Attorney General	26,468,300	34,707,100	36,328,800	24,686,000	25,161,000
Commonwealth's Attorneys	33,579,200	51,131,700	53,751,200	33,879,300	34,679,100
County Attorneys	28,839,800	42,030,500	44,701,100	28,545,100	29,800,800
Treasury	3,178,400	4,047,700	4,208,400	2,962,900	2,978,700
Agriculture	34,484,500	43,367,800	44,648,000	31,075,500	31,504,100
Auditor of Public Accounts	10,224,800	13,612,800	14,874,300	9,636,500	9,927,000
Personnel Board	767,100	946,000	1,039,800	740,700	793,800
Kentucky Retirement Systems	24,253,100	29,703,600	31,335,600	23,905,600	24,725,500
Occupational & Professional Boards & Commissions	19,534,100	22,074,500	22,928,000	19,739,200	19,959,300
Kentucky River Authority	2,506,200	7,251,600	6,922,000	4,747,200	5,143,900
School Facilities Construction Commission	109,346,300	121,843,100	142,121,400	112,154,400	119,441,200
Teachers' Retirement System	192,866,600	687,572,000	755,807,800	187,462,800	212,103,600
Judgments	635,100	2,500,000	2,500,000		
Appropriations Not Otherwise Classified	12,267,500	12,267,500	12,267,500	12,267,500	12,267,500
TOTAL EXPENDITURES	1,062,929,700	1,626,008,000	1,742,903,300	976,936,700	1,007,338,500

**General Government
Office of the Governor**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	9,816,100	11,538,000	12,124,900	8,480,200	8,665,800
Budget Reduction	-226,600				
Salary Compensation Fund	32,800				
Total General Fund	9,622,300	11,538,000	12,124,900	8,480,200	8,665,800
Restricted Funds					
Balance Forward	1,193,800	1,193,800	1,193,800	1,193,800	283,700
Current Receipts	388,200	388,200	388,200		
Fund Transfers	-11,600				
Total Restricted Funds	1,570,400	1,582,000	1,582,000	1,193,800	283,700
TOTAL SOURCE OF FUNDS	11,192,700	13,120,000	13,706,900	9,674,000	8,949,500
EXPENDITURES BY CLASS					
Personnel Cost	6,046,800	7,806,600	8,393,500	6,006,300	5,895,200
Operating Expenses	1,832,200	1,882,600	1,882,600	1,581,200	1,251,500
Grants, Loans or Benefits	2,119,900	2,237,000	2,237,000	1,802,800	1,802,800
TOTAL EXPENDITURES	9,998,900	11,926,200	12,513,100	9,390,300	8,949,500
EXPENDITURES BY FUND SOURCE					
General Fund	9,622,300	11,538,000	12,124,900	8,480,200	8,665,800
Restricted Funds	376,600	388,200	388,200	910,100	283,700
TOTAL EXPENDITURES	9,998,900	11,926,200	12,513,100	9,390,300	8,949,500
EXPENDITURES BY UNIT					
Governor	5,967,000	7,288,800	7,720,300	5,920,800	5,441,400
Governor's Office Expense Allowance	21,000	21,000	21,000	21,000	21,000
Lieutenant Governor	431,400	549,700	608,400	429,700	443,000
Lt. Governor's Expense Allowance	12,000	12,000	12,000	12,000	12,000
Secretary of the Cabinet	445,000	506,600	528,700	303,000	311,100
Kentucky Commission on Military Affairs	381,700	579,200	608,700	323,000	329,500
Office of Minority Empowerment	329,000	402,200	420,200	279,800	286,000
Faith Based Initiatives	174,900	212,600	226,600	162,200	162,300
Governor's Scholars	2,236,900	2,354,100	2,367,200	1,938,800	1,943,200
TOTAL EXPENDITURES	9,998,900	11,926,200	12,513,100	9,390,300	8,949,500

The Governor serves as the chief administrator of the Commonwealth and, in addition to other powers and duties, acts as Commander-in-Chief of all state military forces, makes appointments for vacancies to executive offices and memberships on boards and commissions authorized by statute, and has the power to grant pardons and commutations. As chief administrator of Kentucky, the Governor ensures that state government provides needed services to the citizens of the Commonwealth at minimum cost to the taxpayer.

The Lieutenant Governor is a constitutional officer elected jointly with the Governor. The Lieutenant Governor is to assume the duties and responsibilities of the Office of the Governor should the Governor be impeached or removed from Office, die, fail to qualify, resign, or be unable to discharge the duties of that office. Additional duties of the Lieutenant Governor include serving on various boards and commissions, serving on Kentucky delegations to several interstate compact commissions, and appointing members to various boards.

The Secretary of the Executive Cabinet develops and implements the major program decisions for the Executive Branch of government. As part of these duties, the Secretary of the Cabinet oversees the administration of the various cabinets and agencies of state government and coordinates legislative policy for the Governor. This role promotes cooperation and coordination among all agencies and programs of state government.

The Military Affairs Commission (KRS 154.12-203) has been a part of the Office of the Governor since 1996. The Commission serves in an advisory capacity to the Governor, the General Assembly, the Kentucky Congressional Delegation, and other appropriate government officials. This commission is designed to support the U.S. military's widespread presence in Kentucky and to recognize its contribution to the economy and well-being of the Commonwealth. Among the installations and operations eligible for support are: Fort Knox, Fort Campbell, Bluegrass Station in Lexington, National Guard and Reserve operations throughout the state, and Bluegrass Army Depot in Richmond.

The Office of Minority Empowerment was established within the Office of the Governor pursuant to Executive Order 2004-481. The 2005 Regular Session of the General Assembly permanently established the Office in KRS 12.023. The primary purpose of the Office is to help minorities realize full access to their government and be responsive to the needs of Kentucky's minority community. More specifically, the Office is charged with the responsibility of developing policies affecting Kentucky's minority community in the areas of economic empowerment, health care, housing, education, government services, and the criminal justice system. The Office also will maximize economic opportunities for minorities by reviewing state contracts awarded to minority businesses and reviewing job training and technical education initiatives to ensure and enhance the effectiveness of such programs. The constituents served by this office include, but are not limited to, minority individuals as defined and referenced in KRS 12.070, such as Native Americans, Alaskan Natives, African Americans, Hispanics, the disabled community, small-, minority-, and woman-owned businesses, and other underrepresented ethnic groups.

The 2005 Regular Session of the General Assembly created the Office for Faith-Based and Community Nonprofit Social Services in House Bill 383, placing it within the Governor's Office. The program is statutorily established in KRS 12.510. The Office will have lead responsibility in the Executive Branch to establish policies, priorities, and objectives for State Government's comprehensive effort to enlist, equip, enable, empower, and expand the work of faith-based and other community organizations to the extent permitted by law. The office is patterned closely with a similar effort at the federal government level begun in 2001.

The Governor's Scholars Program, formerly in the Education, Arts and Humanities Cabinet, was administratively attached to the Office of the Governor by the 2005 Session of the General Assembly through the passage of Senate Bill 134. The program is statutorily established in KRS 158.796. The Governor's Scholars Program was created to motivate and empower our brightest young people to become effective citizens with a zeal for excellence and a mind for innovation. The Governor's Scholars Program (GSP) is a five-week, residential program for approximately 1,100 outstanding Kentucky students completing their junior year in high school. The program is held annually, free of charge for participants, on three Kentucky college campuses. Scholars from across the Commonwealth are competitively chosen from all accredited public and private schools.

Policy

Included in the Governor's recommended budget is a General Fund appropriation in the amount of \$30,000 in fiscal year 2008-2009 and \$30,000 in fiscal year 2009-2010 for the Lieutenant Governor's Office for an allowance of up to \$2,500 monthly as a housing allowance.

**General Government
Office of State Budget Director**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	4,433,400	5,247,100	5,554,700	3,791,900	3,791,900
Budget Reduction	-133,300				
Salary Compensation Fund	8,900				
Total General Fund	4,309,000	5,247,100	5,554,700	3,791,900	3,791,900
Restricted Funds					
Balance Forward	856,600	219,800	219,800	219,800	85,300
Total Restricted Funds	856,600	219,800	219,800	219,800	85,300
TOTAL SOURCE OF FUNDS	5,165,600	5,466,900	5,774,500	4,011,700	3,877,200
EXPENDITURES BY CLASS					
Personnel Cost	4,227,400	4,527,500	4,840,100	3,206,800	3,211,800
Operating Expenses	718,400	719,600	714,600	719,600	665,400
TOTAL EXPENDITURES	4,945,800	5,247,100	5,554,700	3,926,400	3,877,200
EXPENDITURES BY FUND SOURCE					
General Fund	4,309,000	5,247,100	5,554,700	3,791,900	3,791,900
Restricted Funds	636,800			134,500	85,300
TOTAL EXPENDITURES	4,945,800	5,247,100	5,554,700	3,926,400	3,877,200
EXPENDITURES BY UNIT					
Budget & Policy Analysis	3,779,900	3,854,900	4,076,200	2,994,600	2,945,400
Gov Office for Policy Research	552,500	667,800	709,500	407,700	407,700
Gov Office for Economic Analysis	613,400	724,400	769,000	524,100	524,100
TOTAL EXPENDITURES	4,945,800	5,247,100	5,554,700	3,926,400	3,877,200

The Office of the State Budget Director, created in KRS 11.068, includes the Governor's Office for Policy and Management (GOPM), the Governor's Office for Policy Research (GOPR), and the Governor's Office for Economic Analysis (GOEA). Under the direction of the State Budget Director, these Offices serve as staff to the Governor, the Governor's Chief of Staff, the Secretary of the Cabinet, and the Secretary of the Finance and Administration Cabinet.

The Governor's Office for Policy and Management (GOPM) prepares the Executive Budget, the Governor's overall financial plan for state government. The preparation of the budget includes the transmittal of information and necessary forms to state agencies, assisting those agencies in the preparation of their budget requests, analyzing the requests, and making recommendations to the Governor. Following enactment of the budget by the General Assembly, GOPM helps agencies implement the appropriations acts through their expenditures for program activities.

The Governor's Office for Policy Research (GOPR) performs research and analysis on public policy issues important to the Commonwealth.

The Governor's Office for Economic Analysis (GOEA) assists the State Budget Director and the Consensus Forecasting Group in providing timely and accurate estimates of General Fund and Road Fund receipts used to build and implement the Budget of the Commonwealth. On October 15 of each odd-numbered year, a preliminary detailed estimate of revenues for the next two fiscal years is presented to the head of the budgeting agency for each branch of state government. The following January, a revised estimate is prepared and presented along with the Governor's Executive Budget recommendation to the General Assembly.

**General Government
State Planning Fund**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	250,000	500,000	500,000	220,000	220,000
Total General Fund	250,000	500,000	500,000	220,000	220,000
TOTAL SOURCE OF FUNDS	250,000	500,000	500,000	220,000	220,000
EXPENDITURES BY CLASS					
Grants, Loans or Benefits	250,000	500,000	500,000	220,000	220,000
TOTAL EXPENDITURES	250,000	500,000	500,000	220,000	220,000
EXPENDITURES BY FUND SOURCE					
General Fund	250,000	500,000	500,000	220,000	220,000
TOTAL EXPENDITURES	250,000	500,000	500,000	220,000	220,000

The State Planning Fund supports statewide planning projects designed to improve the delivery of government services. Under Chapter 147 of the Kentucky Revised Statutes, overall planning and development functions are responsibilities of the Governor's Cabinet. KRS 147.075 delegates these functions to a Cabinet committee, designated as the State Planning Committee, which fulfills these responsibilities through its management of the State Planning Fund. The State Planning Committee includes the Governor, representatives from the various program cabinets, and the State Budget Director. The Governor serves as the Chairman of the Committee and the State Budget Director serves as its Secretary. The Governor's Office for Policy and Management reviews proposed planning projects, makes recommendations for funding to the Governor and the other members of the State Planning Committee, and provides staff support to the Committee.

**General Government
Energy Policy**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	2,341,500	3,390,000	3,520,900	1,869,200	1,902,600
Special Appropriation	5,000,000				
Budget Reduction	-220,300				
Salary Compensation Fund	2,900				
Total General Fund	7,124,100	3,390,000	3,520,900	1,869,200	1,902,600
Restricted Funds					
Balance Forward	2,020,900	625,900		193,200	
Current Receipts	105,000	105,000	105,000	105,000	105,000
Non-Revenue Receipts	3,900,000	5,400,000	5,400,000	3,900,000	3,900,000
Total Restricted Funds	6,025,900	6,130,900	5,505,000	4,198,200	4,005,000
Federal Funds					
Current Receipts	1,603,900	755,400	755,400	755,400	755,400
Total Federal Funds	1,603,900	755,400	755,400	755,400	755,400
TOTAL SOURCE OF FUNDS	14,753,900	10,276,300	9,781,300	6,822,800	6,663,000
EXPENDITURES BY CLASS					
Personnel Cost	1,192,600	1,729,600	1,860,500	1,127,400	1,160,800
Operating Expenses	194,600	203,200	203,200	194,800	195,100
Grants, Loans or Benefits	13,173,500	8,343,500	7,717,600	5,500,600	5,307,100
TOTAL EXPENDITURES	14,560,700	10,276,300	9,781,300	6,822,800	6,663,000
EXPENDITURES BY FUND SOURCE					
General Fund	7,124,100	3,390,000	3,520,900	1,869,200	1,902,600
Restricted Funds	5,832,700	6,130,900	5,505,000	4,198,200	4,005,000
Federal Funds	1,603,900	755,400	755,400	755,400	755,400
TOTAL EXPENDITURES	14,560,700	10,276,300	9,781,300	6,822,800	6,663,000
EXPENDITURES BY UNIT					
Energy Policy	14,560,700	10,276,300	9,781,300	6,822,800	6,663,000
TOTAL EXPENDITURES	14,560,700	10,276,300	9,781,300	6,822,800	6,663,000

The Kentucky Office of Energy Policy in the Commerce Cabinet was established in 2005 by the General Assembly. The Office was moved to the Governor's Office and renamed the Governor's Office of Energy Policy as part of House Bill 1, passed during the 2007 Second Extraordinary Session and signed into law in August 2007.

The Governor's Office of Energy Policy oversees the development and implementation of Kentucky's comprehensive energy strategy; provides leadership to enhance the benefits of energy efficiency and alternative energy through supporting awareness, technology development, energy preparedness, partnerships, and resource development. Additionally, the Office enhances the economic opportunities and benefits to Kentucky citizens and industry by expanding current markets and developing market opportunities for Kentucky coal, natural gas, petroleum, oil shale, tar sands, liquid and gaseous fuels from coal, and chemicals from coal.

To the extent that funding is available the Office administers grant programs to support energy-related research, development, and demonstration, including supporting multi-state cooperative regional partnerships and research initiatives. The Office also develops and implements programs for the development, conservation, and utilization of energy in a manner

that meets essential human needs while maintaining growth of the Kentucky economy at the highest feasible level. This includes providing technical assistance to the Finance and Administration Cabinet in implementing the Energy Efficiency in Government Buildings Program. The Office also enters into agreements, administers grant programs, and serves as a liaison with the federal government and other states in matters relating to energy; and participates in the review of applications and, upon request of the Kentucky Economic Development Finance Authority, assists in monitoring tax incentive agreements as provided in Subchapter 27 of KRS Chapter 154.

Policy

Included in the Executive Budget is \$3.5 million in Restricted Funds in each year of fiscal biennium 2009-10 for research grants. These funds will originate from the Local Government Economic Development Fund Multi-county Fund (coal severance tax).

Included in the Executive Budget is \$400,000 in each year of fiscal biennium 2009-10 to be paid to the State Treasury and credited to the Office of Energy Policy for the purpose of public education of coal-related issues pursuant to KRS 132.020(5).

**General Government
Homeland Security**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	350,000	744,000	808,300	246,100	290,000
Budget Reduction	-10,800				
Salary Compensation Fund	10,100	10,100	10,100		
Total General Fund	349,300	754,100	818,400	246,100	290,000
Restricted Funds					
Balance Forward	423,000	317,400	243,700	317,400	386,000
Current Receipts	517,300	668,600	727,500	668,600	727,500
Non-Revenue Receipts	12,100	12,900	13,700	12,900	13,700
Total Restricted Funds	952,400	998,900	984,900	998,900	1,127,200
Federal Funds					
Current Receipts	27,290,100	26,882,900	22,468,600	26,882,900	22,951,700
Total Federal Funds	27,290,100	26,882,900	22,468,600	26,882,900	22,951,700
Road Fund					
Regular Appropriation	350,000	370,000	377,900	250,000	250,000
Total Road Fund	350,000	370,000	377,900	250,000	250,000
TOTAL SOURCE OF FUNDS	28,941,800	29,005,900	24,649,800	28,377,900	24,618,900
EXPENDITURES BY CLASS					
Personnel Cost	1,956,800	3,052,100	3,243,000	1,988,500	2,032,400
Operating Expenses	597,300	605,900	605,900	835,600	1,406,300
Grants, Loans or Benefits	26,060,900	25,160,300	20,658,400	25,158,400	20,656,500
Construction	9,400	9,500	9,500	9,400	9,400
TOTAL EXPENDITURES	28,624,400	28,827,800	24,516,800	27,991,900	24,104,600
EXPENDITURES BY FUND SOURCE					
General Fund	349,300	754,100	818,400	246,100	290,000
Restricted Funds	635,000	755,200	781,200	612,900	612,900
Federal Funds	27,290,100	26,882,900	22,468,600	26,882,900	22,951,700
Road Fund	350,000	370,000	377,900	250,000	250,000
TOTAL EXPENDITURES	28,624,400	28,762,200	24,446,100	27,991,900	24,104,600
EXPENDITURES BY UNIT					
Office of Homeland Security	28,624,400	28,762,200	24,446,100	27,991,900	24,104,600
TOTAL EXPENDITURES	28,624,400	28,762,200	24,446,100	27,991,900	24,104,600

The Kentucky Office of Homeland Security (KOHS) was created within the Office of the Governor to coordinate efforts with public and private partners on issues affecting homeland security. KOHS focuses on preparing Kentucky for manmade or natural disasters. Although its primary role is to serve as the state's administrative liaison with the U. S. Department of Homeland Security, KOHS has initiated a comprehensive prevention-focused homeland security strategy to ensure Kentucky's communities, first responders and families have the resources and information necessary to be prepared for disaster or attack.

The Commercial Mobile Radio Service Emergency Telecommunications Board (CMRS) is administratively attached to the Kentucky Office of Homeland Security. The CMRS Board collects user fees monthly from subscribers of the approximately 35 wireless carriers providing wireless telephone service in Kentucky. These fees are used to fund technology upgrades at Kentucky's enhanced 911 centers and to enhance the networks operated by the carriers.

**General Government
Veterans' Affairs**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	16,669,700	32,683,700	36,449,200	17,488,400	18,548,200
Salary Compensation Fund	844,100				
Total General Fund	17,513,800	32,683,700	36,449,200	17,488,400	18,548,200
Restricted Funds					
Balance Forward	2,800				
Current Receipts	26,151,700	26,034,000	26,607,100	26,431,900	26,959,700
Non-Revenue Receipts	281,000				
Total Restricted Funds	26,435,500	26,034,000	26,607,100	26,431,900	26,959,700
TOTAL SOURCE OF FUNDS	43,949,300	58,717,700	63,056,300	43,920,300	45,507,900
EXPENDITURES BY CLASS					
Personnel Cost	36,711,200	47,632,100	51,537,600	37,335,900	38,802,000
Operating Expenses	6,841,000	8,055,600	8,488,700	6,359,600	6,481,100
Grants, Loans or Benefits	217,500	3,030,000	3,030,000	217,500	217,500
Debt Service	168,000				
Capital Outlay	11,600			7,300	7,300
TOTAL EXPENDITURES	43,949,300	58,717,700	63,056,300	43,920,300	45,507,900
EXPENDITURES BY FUND SOURCE					
General Fund	17,513,800	32,683,700	36,449,200	17,488,400	18,548,200
Restricted Funds	26,435,500	26,034,000	26,607,100	26,431,900	26,959,700
TOTAL EXPENDITURES	43,949,300	58,717,700	63,056,300	43,920,300	45,507,900
EXPENDITURES BY UNIT					
Commissioner's Office, Field Serv's & Cemeteries	3,941,100	8,759,300	9,655,500	3,668,200	3,762,300
Kentucky Veterans' Centers	40,008,200	49,958,400	53,400,800	40,252,100	41,745,600
TOTAL EXPENDITURES	43,949,300	58,717,700	63,056,300	43,920,300	45,507,900

The Kentucky Department of Veterans' Affairs (KDVA), established by KRS 40.300, assists over 370,000 Kentucky veterans and their families in applying for federal, state, and local veteran's benefits. Services include: benefits counseling and claims processing regarding the existence or availability of educational, training, and retraining facilities; health, medical rehabilitation, and housing services and facilities; employment and reemployment services; and provision of services under federal, state, and local laws affording rights, privileges, and benefits to eligible veterans and their dependents. These services are supported by a cooperative network of veterans' benefits field representatives, volunteers, and personal service contracts with major veterans' organizations.

Pursuant to KRS 40.325, the Office of Kentucky Veterans' Centers within the KDVA manages Kentucky's three state veterans' nursing homes, which serve the long-term nursing care needs of Kentucky's elderly veteran population, which includes about 110,000 of Kentucky's veterans.

The Thomson-Hood Veterans' Center, located in Wilmore in Jessamine County, is a 300-bed long-term nursing care facility specifically for Kentucky's elderly veteran population. The Eastern and Western Kentucky Veterans' Centers, located in Hazard (Perry County), and Hanson (Hopkins County), opened in 2002. Each is a 120-bed facility that includes in-house physician care, nurse practitioners, 24-hour nursing staff, and staffing for a rehab therapy department, barbershop, library, gift shop, laundry facility, a dietary department, and an employee child care facility.

The KDVA is required by KRS 40.315 to establish and maintain Kentucky state veterans' cemeteries. The Kentucky Veterans' Cemetery-West is located on Highway 41A south of Hopkinsville. The Veterans' Cemetery-Central in Ft. Knox opened in June 2007. Each facility includes an administration building, a maintenance building with service area, committal facility, a columbarium, appropriate parking, road network, walking path and landscaping. A third veterans' cemetery, Veterans' Cemetery-North near Williamstown, is currently under construction and expected to open in early fiscal year 2009. Two other veterans' cemeteries, the Veterans' Cemetery-Northeast in Greenup County and the Veterans Cemetery-Southeast in Leslie County, were authorized by the 2006 General Assembly and are in the process of site selection.

KRS 40.600 established the Women Veterans Program to ensure Kentucky women veterans have equitable access to federal and state veterans' services and benefits. KRS 40.350 established the Wounded or Disabled Veterans Program to assist wounded or disabled veterans in the transition from active service and ensure they receive the federal, state and private benefits to which they are entitled as wounded or disabled veterans.

The KDVA contracts with Volunteers of America to help support the operation of a Homeless Veterans' Transitional Shelter which opened for business in April 2005 on the Leestown Veterans Administration Hospital property in Lexington.

Policy

Included in the above General Fund appropriation is \$263,500 in fiscal year 2009 and \$273,500 in fiscal year 2010 for personnel and operating costs associated with the Veterans' Cemetery-North in Williamstown.

General Government
Governor's Office of Agricultural Policy

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Continuing Appropriation	4,540,700				
Total General Fund	4,540,700				
Tobacco Settlement-Phase I					
Tobacco Settlement - I	20,065,100	35,312,800	36,256,400	35,291,000	36,234,600
Continuing Appropriation	28,052,700	19,903,700	6,960,900	19,903,700	6,960,900
Other	11,735,000				
Total Tobacco Settlement-Phase I	59,852,800	55,216,500	43,217,300	55,194,700	43,195,500
Restricted Funds					
Balance Forward	694,000	575,100	277,000	75,100	
Current Receipts	451,100	451,100	451,100	472,700	480,700
Fund Transfers	-500,000				
Total Restricted Funds	645,100	1,026,200	728,100	547,800	480,700
TOTAL SOURCE OF FUNDS	65,038,600	56,242,700	43,945,400	55,742,500	43,676,200
EXPENDITURES BY CLASS					
Personnel Cost	1,073,000	1,405,300	1,511,100	1,112,800	1,147,400
Operating Expenses	251,800	251,800	251,800	251,800	251,800
Grants, Loans or Benefits	43,735,000	47,347,700	42,116,200	47,417,000	42,277,000
TOTAL EXPENDITURES	45,059,800	49,004,800	43,879,100	48,781,600	43,676,200
EXPENDITURES BY FUND SOURCE					
General Fund	4,540,700				
Tobacco Settlement-Phase I	39,949,100	48,255,600	43,217,300	48,233,800	43,195,500
Restricted Funds	570,000	749,200	661,800	547,800	480,700
TOTAL EXPENDITURES	45,059,800	49,004,800	43,879,100	48,781,600	43,676,200
EXPENDITURES BY UNIT					
Governor's Office of Agricultural Policy	45,059,800	49,004,800	43,879,100	48,781,600	43,676,200
TOTAL EXPENDITURES	45,059,800	49,004,800	43,879,100	48,781,600	43,676,200

The Governor's Office of Agricultural Policy (GOAP) is the Governor's direct link to the Commonwealth's agricultural industry. The Kentucky Agricultural Development Board, the Kentucky Tobacco Settlement Trust Corporation, the Governor's Commission on Family Farms, the Kentucky Aquaculture Infrastructure Development Fund, the Kentucky Agricultural Resource Development Authority, the Governor's Tobacco Marketing and Export Advisory Council, and the Kentucky Agricultural Finance Corporation are staffed by the employees in this Office.

The Kentucky Agricultural Development Board, authorized in KRS 248.707, distributes funds received by the Commonwealth from the Tobacco Master Settlement Agreement (Phase I money). The Board invests in innovative proposals that increase net farm income and assists tobacco farmers and tobacco-impacted communities by stimulating markets, finding new ways to add value to existing products, and promoting diversification of Kentucky's agricultural economy.

The Agricultural Development Board has fifteen members, described in KRS 248.707(2). They are the Governor, Commissioner of Agriculture, Secretary of the Cabinet for Economic Development, and Director of the University of Kentucky Cooperative Extension Service, along with eleven members appointed by the Governor to staggered terms. Those appointees include representatives of the Kentucky Farm Bureau, the Kentucky Chamber of Commerce, an attorney, an agricultural lender, and seven active farmers.

Half of Kentucky's tobacco settlement receipts are allocated to the Agricultural Development Fund. That amount is further divided between a counties account, which receives 35 percent of the funds, and a state account that receives the remaining 65 percent. From the state account, the General Assembly has appropriated debt service for bonds to support farmland preservation and safe drinking water, water and sewer infrastructure projects, and funding for land conservation programs.

Thirty-five percent of funds received into the Agriculture Development Fund are allocated for projects on the county level. The specific funding level of a county is dependent upon its tobacco-production dependency in relation to other counties within the state as described in KRS 248.703(3). One hundred and eighteen of Kentucky's 120 counties receive a portion of the 35 percent county allocation. Each county has a council of local agriculture leaders who consider applications for grants from the county's share of funds and prioritizes them for the Agricultural Development Board, which has the final grant authority for each county's funds. The Board has developed several model programs in which counties may participate. Models have been developed for diversification of products, cattle genetics improvement, handling and storage facilities, fencing, forage improvement, and water resources. Funds are provided as matching grants.

In addition to Phase I, Kentucky tobacco farmers have received annual payments from the National Tobacco Grower Settlement Trust Agreement (Phase II). The Kentucky Tobacco Settlement Trust Corporation (KTSTC), also known as the Phase II Board, is responsible for the creation of a distribution plan and list of eligible recipients for each year of the National Tobacco Growers Settlement Trust. The Grower's Settlement is an agreement reached between the four major cigarette manufacturers and tobacco-growing states to compensate tobacco growers and quota holders for anticipated losses in income due to the Master Settlement Agreement. Payments from the Grower's Settlement Trust Agreement were scheduled to continue through 2010. Since 1999, the KTSTC has certified over \$850 million in direct payments to Kentucky tobacco growers and quota holders. Approximately 163,000 individuals receive payments annually through the Phase II program. A total of 185,000 different individuals have received payment over the past four years. GOAP staff serves the KTSTC to carry out their duties including: management of the claim processing vendor contract, National Trustee relations, public information, publication development, and Board correspondence. This program was funded through fees assessed and paid by the four major tobacco companies. The Phase II agreement says that if government fees paid by the Phase II tobacco companies for the direct benefit to tobacco producer and quota holders exceed that of their remaining obligation under the Phase II agreement, then they no longer have an obligation to pay. The amount to be paid by the tobacco companies under the Fair and Equitable Tobacco Reform Act of 2004 (FETRA) - also known as the "tobacco buyout" - exceeds that of their remaining payments under the Phase II agreement. Therefore, the tobacco companies' obligation to pay Phase II payments ended with the payment in 2005.

In addition to their work with Phase I and Phase II, the staff of GOAP assists the Governor's Commission on Family Farms and the Kentucky Agricultural Resource Development Authority (KARDA). The KARDA is created in KRS 11.170 as an organization of representatives from various commodity groups who inform and advise the Governor on issues related to the Kentucky's agricultural economy. The Commission on Family Farms was created by executive order in April 1998 to advise the Governor on issues related to farm families and rural communities. The staff of GOAP also assists with the Kentucky Agricultural Finance Corporation. The Kentucky Agricultural Finance Corporation is a de jure municipal corporation created in KRS 247.944 to provide access to capital for farmers and other agricultural enterprises. The Governor appoints all of the board members.

Policy

Included in the above appropriation of General Fund (Tobacco) is \$20,897,625 and \$21,228,375 respectively in each year of the biennium for the county portion of the Agriculture Development Fund.

General Government
Kentucky Infrastructure Authority

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	25,744,100	2,372,900	7,671,000	955,800	6,716,100
Budget Reduction	-62,600				
Total General Fund	25,681,500	2,372,900	7,671,000	955,800	6,716,100
Restricted Funds					
Balance Forward	2,602,000	2,062,644	1,299,444	1,062,600	299,400
Current Receipts	465,500	495,000	494,100	387,800	378,400
Non-Revenue Receipts	747,700	601,600	21,181,600	601,600	601,600
Fund Transfers	-1,052,600				
Total Restricted Funds	2,762,600	3,159,244	22,975,144	2,052,000	1,279,400
Federal Funds					
Current Receipts	53,172,600	53,172,600	53,172,600	53,172,600	53,172,600
Non-Revenue Receipts	-3,000,000	-3,000,000	-3,000,000	-3,000,000	-3,000,000
Total Federal Funds	50,172,600	50,172,600	50,172,600	50,172,600	50,172,600
TOTAL SOURCE OF FUNDS	78,616,700	55,704,744	80,818,744	53,180,400	58,168,100
EXPENDITURES BY CLASS					
Personnel Cost	3,557,600	3,202,000	3,312,600	2,537,900	2,869,200
Operating Expenses	167,900	203,300	203,300	170,500	168,300
Grants, Loans or Benefits	50,172,600	51,000,000	51,000,000	50,172,600	50,172,600
Debt Service	23,656,000		25,776,000		4,958,000
TOTAL EXPENDITURES	77,554,100	54,405,300	80,291,900	52,881,000	58,168,100
EXPENDITURES BY FUND SOURCE					
General Fund	25,681,500	2,372,900	7,671,000	955,800	6,716,100
Restricted Funds	1,700,000	1,859,800	22,448,300	1,752,600	1,279,400
Federal Funds	50,172,600	50,172,600	50,172,600	50,172,600	50,172,600
TOTAL EXPENDITURES	77,554,100	54,405,300	80,291,900	52,881,000	58,168,100
EXPENDITURES BY UNIT					
Kentucky Infrastructure Authority	77,554,100	54,405,300	80,291,900	52,881,000	58,168,100
TOTAL EXPENDITURES	77,554,100	54,405,300	80,291,900	52,881,000	58,168,100

The Kentucky Infrastructure Authority (KIA), pursuant to KRS Chapter 224A, creates and coordinates regional infrastructure planning to promote higher levels of technical, managerial, and financial capacity of water-based utilities. The agency is also charged with promoting economies of scale among and between utilities to benefit consumers. The authority is administratively attached to the Governor's Office for Local Development.

The agency is authorized to issue notes and bonds to provide infrastructure financing for governmental agencies and investor-owned private utilities. The provisions of KRS 224A.165 dictate certain limits on the amount of notes and bonds the Authority can have outstanding. The purpose of the loans is to assist in financing the construction of infrastructure projects. The Authority also provides grants and subsidized loan incentives.

The following provides a description of the Authority's programs:

Fund A - Wastewater Revolving Loan Program - Local wastewater treatment facilities that qualify under the U.S. Environmental Protection Agency (EPA) standards are financed through this program. Jointly administered by the KIA and the Natural Resources Department, loans are provided at below-market interest rates.

Fund B Revolving Loan/Grant Program - This fund finances infrastructure that will enhance economic development and job creation. Loans are made to governmental entities that are unable to wholly finance a project through other public grant or loan programs, through commercial credit at reasonable rates, or from their own resources. The loans are offered at or below market interest rates for a term not to exceed 30 years. Grants are available, but are reserved for borrowers facing both a financial hardship and an extreme health hazard.

Fund B 2020 Program - This fund provides financing primarily for, but not limited to, water service projects. The fund promotes the merger and consolidation of systems, and encourages the increased financial, managerial, and technical capacity of systems to provide service.

Fund C - Governmental Agencies Program - This program provides local governmental agencies access to funding through the municipal bond market at better terms than could be obtained on an independent basis. Loans are available at terms for up to thirty years for any infrastructure owned by governmental entities in the Commonwealth. The loans may be used to fund totally a construction project or they can be used to supplement grants or cash contributions.

Fund F - Drinking Water Revolving Loan Fund - This fund was established to assist in financing local drinking water treatment and distribution facilities that qualify under EPA requirements. Projects must be recommended by the Kentucky Division of Water from the Project Priority List and must be financially feasible as determined by KIA staff. Loan funds are available on short terms for planning and preliminary design work.

Coal Development and Tobacco Development Funds - These funds were created by the 2003 Regular Session of the General Assembly to support various water and sewer projects in Coal Producing and Tobacco Producing Counties. The Authority coordinates the process of implementation and provides project administration for the projects funded in these programs.

Infrastructure for Economic Development Funds - These funds were authorized by the 2005 and 2006 General Assembly for an array of water and sewer projects included in the Commonwealth budget by specific designation. The Authority coordinates the implementation process and provides project administration for the projects funded in these programs.

Policy

The Executive Budget includes General Fund appropriations in the amount of \$370,000 in fiscal year 2009 and \$370,000 in fiscal year 2010 from the Local Government Economic Development Fund to support services provided to coal producing counties by KIA.

Included in the General Fund appropriation is \$269,000 in fiscal year 2010 for initial debt service to support \$4,000,000 in bonds to match \$20,000,000 in Federal Funds for the Federally Assisted Wastewater Revolving Loan Fund program (Fund A).

Included in the General Fund appropriation is \$269,000 in fiscal year 2010 for initial debt service to support \$4,000,000 in bonds to match \$20,000,000 in Federal Funds for the Safe Drinking Water State Revolving Loan Fund program (Fund F).

Included in the General Fund appropriation is \$4,420,000 in fiscal year 2010 for initial debt service to support a new \$50,000,000 bond pool for the Infrastructure for Economic Development Fund for Coal-Producing Counties.

**General Government
Military Affairs**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	11,934,000	28,809,200	27,255,800	10,130,800	10,368,800
Budget Reduction	-221,800				
Salary Compensation Fund	214,000				
Base Deduction	-500,000				
Mandated Allotments	5,000,000				
Total General Fund	16,426,200	28,809,200	27,255,800	10,130,800	10,368,800
Restricted Funds					
Balance Forward	7,502,400	9,410,000	9,410,000	10,252,000	10,455,600
Current Receipts	40,364,300	42,222,600	43,198,200	37,215,000	37,215,000
Non-Revenue Receipts	700,000	2,015,100	2,015,100	700,000	700,000
Fund Transfers	-250,000				
Total Restricted Funds	48,316,700	53,647,700	54,623,300	48,167,000	48,370,600
Federal Funds					
Current Receipts	62,660,700	42,641,600	42,692,900	41,932,800	41,932,800
Total Federal Funds	62,660,700	42,641,600	42,692,900	41,932,800	41,932,800
TOTAL SOURCE OF FUNDS	127,403,600	125,098,500	124,572,000	100,230,600	100,672,200
EXPENDITURES BY CLASS					
Personnel Cost	30,916,600	39,183,800	41,949,500	29,743,000	30,351,000
Operating Expenses	33,556,700	36,019,800	36,086,100	31,809,200	31,813,500
Grants, Loans or Benefits	48,764,300	31,343,200	31,338,700	25,704,800	25,383,200
Debt Service	1,329,000	4,916,000	1,562,000	1,118,000	1,329,000
Capital Outlay	1,035,000	1,265,600	1,265,600	400,000	400,000
Construction	1,050,000	2,960,100	2,960,100	1,000,000	1,000,000
TOTAL EXPENDITURES	116,651,600	115,688,500	115,162,000	89,775,000	90,276,700
EXPENDITURES BY FUND SOURCE					
General Fund	15,926,200	28,809,200	27,255,800	10,130,800	10,368,800
Restricted Funds	38,064,700	44,237,700	45,213,300	37,711,400	37,975,100
Federal Funds	62,660,700	42,641,600	42,692,900	41,932,800	41,932,800
TOTAL EXPENDITURES	116,651,600	115,688,500	115,162,000	89,775,000	90,276,700
EXPENDITURES BY UNIT					
Statutory State Operations	9,123,300	17,116,300	15,839,100	7,905,000	8,092,700
National Guard Operations	480,000	6,777,800	6,777,800	225,000	225,000
Emergency & Public Safety Operations	2,600,000				
Bluegrass Station	6,872,600	11,342,800	10,157,800	7,154,200	7,417,800
Central Clothing Distribution	29,000,000	30,888,300	31,645,400	29,000,000	29,000,000
Federal & Grant Operations	68,575,700	49,563,300	50,741,900	45,490,800	45,541,200
TOTAL EXPENDITURES	116,651,600	115,688,500	115,162,000	89,775,000	90,276,700

The Department of Military Affairs is responsible for all military matters and disaster and emergency service coordination in the Commonwealth. The Governor is constitutional Commander-in-Chief of the National Guard in the state and appoints the Adjutant General. The Adjutant General commands the Kentucky National Guard and directs and coordinates all programs in the Department.

The Department has the responsibility for organizing, equipping, training, and housing units of the Kentucky National Guard. These units may be called to duty by the Governor in the event of civil strife or disorder, or the occurrence of natural or man-made disasters.

The Department consists of the following organizational units: Office of Management and Administration, which contains the Division of Administrative Services, Division of Facilities, Logistics Operations Division, Bluegrass Station Division, and the Kentucky Guard Youth Challenge Division; the Division of Emergency Management; the Kentucky Community Crisis Response Board; the Office of the Chief of Staff for Federal Army Guard; the Office of Chief of Staff for Federal Air Guard; and the Kentucky Civil Air Patrol.

Executive Order 2007-499 transferred the Division of Air Transportation from the Department of Military Affairs to the Transportation Cabinet.

**General Government
Commission on Human Rights**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,859,100	7,168,600	7,546,000	1,901,800	1,960,400
Current Year Appropriation		302,000	303,300		
Salary Compensation Fund	31,800				
Total General Fund	1,890,900	7,470,600	7,849,300	1,901,800	1,960,400
Restricted Funds					
Balance Forward	23,100				
Current Receipts	1,600			1,600	1,600
Non-Revenue Receipts	148,300				
Total Restricted Funds	173,000			1,600	1,600
Federal Funds					
Balance Forward	15,500			1,100	1,100
Current Receipts	270,000	278,200	283,700	278,200	283,700
Total Federal Funds	285,500	278,200	283,700	279,300	284,800
TOTAL SOURCE OF FUNDS	2,349,400	7,748,800	8,133,000	2,182,700	2,246,800
EXPENDITURES BY CLASS					
Personnel Cost	1,982,900	6,562,000	7,034,300	1,810,900	1,873,900
Operating Expenses	365,400	1,247,900	1,229,200	370,700	371,800
Grants, Loans or Benefits		9,000	9,000		
Capital Outlay		30,900			
TOTAL EXPENDITURES	2,348,300	7,849,800	8,272,500	2,181,600	2,245,700
EXPENDITURES BY FUND SOURCE					
General Fund	1,890,900	7,470,600	7,849,300	1,901,800	1,960,400
Restricted Funds	173,000	1,600	1,600	1,600	1,600
Federal Funds	284,400	278,200	283,700	278,200	283,700
TOTAL EXPENDITURES	2,348,300	7,750,400	8,134,600	2,181,600	2,245,700
EXPENDITURES BY UNIT					
General Administration and Support	851,000	3,843,300	4,020,000	850,100	868,000
Enforcement Branch	816,700	1,464,700	1,560,100	744,500	770,600
Research and Information	390,500	1,684,700	1,757,300	288,100	299,600
Legal Affairs	290,100	757,700	797,200	298,900	307,500
TOTAL EXPENDITURES	2,348,300	7,750,400	8,134,600	2,181,600	2,245,700

The Kentucky Commission on Human Rights is the sole state civil rights enforcement agency in Kentucky, and is mandated to "...safeguard all individuals within the state from discrimination." Pursuant to KRS Chapter 344, the Commission investigates, litigates, and administratively decides complaints of discrimination in the areas of employment, public accommodation, housing, and credit based on race, religion, national origin, age, disability, sex, smoking in employment, and familial status for housing decisions. The Commission has four service units: General Administration and Support, Enforcement, Research and Information, and Legal Affairs.

General Administration and Support performs personnel and fiscal activities and serves as a liaison with the Governor's Office, legislators, and other agencies in state government. This unit is responsible for development of internal policy directives and legislative initiatives.

The Enforcement Branch consists of two sections: Employment/Public Accommodations and Housing. Employees assigned to these sections receive, investigate, and conciliate complaints of discrimination in the areas of employment, public accommodation, credit transactions, and housing.

The Research and Information Branch provides technical assistance and education to local citizen groups, employers, public accommodations staff, educational institutions, local human rights commissions, and government officials. The staff conducts seminars and workshops on sexual harassment, the Kentucky Civil Rights Act, cultural diversity, and the Americans with Disabilities Act.

The Legal Affairs Branch litigates discrimination cases before administrative hearing officers, provides legal advice to inquiries, sworn complaints, and file closures. The legal staff takes depositions of witnesses, prepares legal briefs and appeals, and serves as in-house counsel.

**General Government
Commission on Women**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	266,200	330,900	349,000	239,900	237,900
Budget Reduction	-8,000				
Salary Compensation Fund	3,000				
Total General Fund	261,200	330,900	349,000	239,900	237,900
Restricted Funds					
Balance Forward	48,800	25,400	16,400	26,200	17,200
Current Receipts	1,000	1,000	1,000	1,000	1,000
Total Restricted Funds	49,800	26,400	17,400	27,200	18,200
TOTAL SOURCE OF FUNDS	311,000	357,300	366,400	267,100	256,100
EXPENDITURES BY CLASS					
Personnel Cost	206,200	261,600	279,700	184,100	190,300
Operating Expenses	78,600	79,300	79,300	65,800	65,800
TOTAL EXPENDITURES	284,800	340,900	359,000	249,900	256,100
EXPENDITURES BY FUND SOURCE					
General Fund	261,200	330,900	349,000	239,900	237,900
Restricted Funds	23,600	10,000	10,000	10,000	18,200
TOTAL EXPENDITURES	284,800	340,900	359,000	249,900	256,100
EXPENDITURES BY UNIT					
Commission on Women	284,800	340,900	359,000	249,900	256,100
TOTAL EXPENDITURES	284,800	340,900	359,000	249,900	256,100

The Kentucky Commission on Women (KCW), authorized in KRS 344.510, promotes women's interests by advising state agencies, the Governor, the General Assembly, local governments, and the private sector on matters pertaining to women. It supports research and discussion about issues of interest to women and provides advisory assistance in the establishment of local volunteer community improvement programs. The KCW conducts programs, studies, seminars, conferences, and encourages state and local women's business, professional, and civic organizations to do likewise and educate the public to the problems of women and girls. In a collaborative effort, the KCW will continue to work with the federal and state governments in advancing programs relating to women and girls.

General Government
Governor's Office for Local Development

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	20,887,400	18,235,400	15,336,900	9,422,300	11,668,800
Budget Reduction	-379,800				
Salary Compensation Fund	25,100	25,100	25,100		
Mandated Allotments	20,204,000				
Total General Fund	40,736,700	18,260,500	15,362,000	9,422,300	11,668,800
Restricted Funds					
Balance Forward	2,034,000	4,033,992	4,033,992	629,700	
Current Receipts	1,268,100	2,085,600	2,085,600	786,500	786,500
Non-Revenue Receipts				2,000,000	254,000
Fund Transfers	-586,800				
Total Restricted Funds	2,715,300	6,119,592	6,119,592	3,416,200	1,040,500
Federal Funds					
Current Receipts	55,564,200	55,564,200	55,564,200	55,564,200	55,564,200
Total Federal Funds	55,564,200	55,564,200	55,564,200	55,564,200	55,564,200
TOTAL SOURCE OF FUNDS	99,016,200	79,944,292	77,045,792	68,402,700	68,273,500
EXPENDITURES BY CLASS					
Personnel Cost	5,916,400	7,401,800	7,906,300	5,029,900	5,329,900
Operating Expenses	807,600	1,263,700	1,263,700	757,800	758,300
Grants, Loans or Benefits	83,400,500	65,841,800	65,841,800	62,615,000	61,739,300
Debt Service	7,533,000	3,403,000			446,000
TOTAL EXPENDITURES	97,657,500	77,910,300	75,011,800	68,402,700	68,273,500
EXPENDITURES BY FUND SOURCE					
General Fund	40,007,700	18,260,500	15,362,000	9,422,300	11,668,800
Restricted Funds	2,085,600	4,085,600	4,085,600	3,416,200	1,040,500
Federal Funds	55,564,200	55,564,200	55,564,200	55,564,200	55,564,200
TOTAL EXPENDITURES	97,657,500	77,910,300	75,011,800	68,402,700	68,273,500
EXPENDITURES BY UNIT					
GOLD Operations	14,257,000	12,068,500	9,170,000	5,787,700	6,534,200
Grants	83,400,500	65,841,800	65,841,800	62,615,000	61,739,300
TOTAL EXPENDITURES	97,657,500	77,910,300	75,011,800	68,402,700	68,273,500

The Governor's Office for Local Development (GOLD), pursuant to KRS 147A.002, is an independent agency attached to the Office of the Governor. The agency was reorganized and renamed by Executive Order 05-564. GOLD serves as the liaison between the Governor and local units of government. It coordinates and resolves local government problems. The Department administers grants-in-aid, and serves as the cognizant state agency for Kentucky's fifteen Area Development Districts.

The Commissioner's Office formulates policy that governs programs administered by the Department. The office also serves as a liaison with state and federal agencies that deal with each of the Kentucky's 120 counties, 435 cities, 1400 special districts and the 15 Area Development Districts. The Trover Grant which brings University of Louisville medical students to the Western Kentucky Coal Fields for a portion of their residency is administered by the Commissioner's Office.

The Federal Grants Office administers the Community Development Block Grant program for small cities, Economic Growth Grant, the Land and Water Conservation Fund, the Kentucky Recreational Trails program appropriated by the

General Assembly. Moreover, the Division develops and conducts training programs for local governments across the Commonwealth in conjunction with other governmental agencies, associations and the Area Development Districts. It maintains the Commonwealth's Clearinghouse for all federal grants and administers the Joint Funding Agreement and Appalachian Regional Commission grants.

The Flood Control program also is administered by the Federal Grants Office. In partnership with federal and local agencies, the matching program lessens flood damage losses by providing structural and nonstructural assistance to Kentucky communities. The Fund ensures that matching funds required by the U.S. Army Corp of Engineers, Federal Emergency Management Agency, and Natural Resources Conservation Service are available for vital projects. The program provides matching dollars for federal grants for straight sewage pipe removal projects funded by the Personal Responsibility in a Desirable Environment program.

The Field Services Office makes state government more accessible to citizens of the Commonwealth. Field service representatives travel throughout the Commonwealth of Kentucky and answer citizens' questions, resolve problems, and aid local government officials with their government duties.

The Office of Financial Management and Administrative Services performs agency administrative functions. It has responsibility for personnel administration, payroll, purchasing, library management, accounting, and budgeting for the entire agency. The Office provides information technology support for the Department and to local government units.

The State Grants Office promotes economic development in Kentucky's localities. The State Grants Office is responsible for financial management, accounting, and fund allocation and reporting of both the Local Economic Development Grant Fund (LGEDF) and Local Government Economic Assistance Grant Fund programs. The agency also reviews and approves LGEDF statutory grant applications. The State Grants Office oversees those projects, the Kentucky Community Economic Development Growth Grant program, and others authorized by the General Assembly through the budget. This grant program assists counties, cities, special districts, or local school districts fund projects that improve the economic vitality of the community.

Within State Grants is the Renaissance program which serves as the lead state agency for the administration of the Renaissance Kentucky Cities Program. Its mission is to revitalize downtowns by renewing pride in downtown centers, attracting new businesses and jobs, promoting tourism and encouraging cultural growth. Moreover, Renaissance Kentucky encourages the development of attractive housing in downtown centers. The program brings together public and private resources, expertise and incentives to take a comprehensive approach in solving problems of transportation, housing, water and sewer systems, business development and service delivery in cities.

Policy

Included within the General Fund appropriation in fiscal year 2010 is \$347,000 for debt service to support bonds in the amount of \$7,700,000 for the following Community Development Projects:

- Lake Malone State Park - Park Improvements and Miniature Golf Course
- Pike County Fiscal Court - Pikeville Medical Center
- Louisville Zoo - Glacier Run

The Executive Budget includes an allocation from the General Fund of \$1 million in each year of the biennium for the Trover Clinic Grant in Madisonville. These General Fund dollars are derived from coal severance revenues.

Included within the General Fund appropriation in fiscal year 2010 is \$99,000 for debt service to support bonds in the amount of \$2,200,000 for the Flood Control Matching Fund. Another \$800,000 is provided from Restricted Funds.

General Government
Local Government Economic Assistance Fund

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	51,443,100	51,443,100	51,443,100	55,693,000	57,755,100
Other	5,433,600				
Total General Fund	56,876,700	51,443,100	51,443,100	55,693,000	57,755,100
TOTAL SOURCE OF FUNDS	56,876,700	51,443,100	51,443,100	55,693,000	57,755,100
EXPENDITURES BY CLASS					
Grants, Loans or Benefits	56,876,700	51,443,100	51,443,100	55,693,000	57,755,100
TOTAL EXPENDITURES	56,876,700	51,443,100	51,443,100	55,693,000	57,755,100
EXPENDITURES BY FUND SOURCE					
General Fund	56,876,700	51,443,100	51,443,100	55,693,000	57,755,100
TOTAL EXPENDITURES	56,876,700	51,443,100	51,443,100	55,693,000	57,755,100
EXPENDITURES BY UNIT					
County Coal Severance	27,120,500	25,598,700	25,598,700	27,469,300	27,280,200
Cities Coal Severance	3,013,500	2,844,400	2,844,400	3,052,100	3,099,800
County Mineral Severance	24,068,400	20,700,000	20,700,000	22,654,400	24,637,600
Cities Mineral Severance	2,674,300	2,300,000	2,300,000	2,517,200	2,737,500
TOTAL EXPENDITURES	56,876,700	51,443,100	51,443,100	55,693,000	57,755,100

The Local Government Economic Assistance Fund (LGEAF) (KRS 42.450-42.495), created by the 1980 Regular Session of the General Assembly, is a revenue sharing program that returns a portion of the coal and minerals severance taxes to local governments in areas where the minerals were extracted. These funds are used by those communities to strengthen and “to improve the environment for new industry and to improve the quality of life of the residents”. Counties that contain industries that are involved in the production of coal or minerals such as natural gas, oil, and stone and cities within those counties are eligible to receive LGEAF payments. Likewise, counties and their cities affected by the transportation of coal are eligible to receive a portion of the returned severance taxes.

The LGEAF coal severance tax program currently returns funds to an estimated 63 counties and approximately 280 cities at the end of each fiscal quarter. Kentucky law provides that an amount equal to 15 percent of the coal severance tax receipts be transferred to the LGEAF for subsequent allocation and distribution to local governments. Quarterly allocations are made to localities according to such criteria as population, income, the amount and distance coal is transported over local areas, and taxes collected from the county.

Additionally, the LGEAF minerals severance tax program currently returns funds to an estimated 100 counties and approximately 347 cities at the end of each fiscal quarter. Kentucky law provides that an amount equal to 50 percent of the other mineral tax receipts be transferred to the LGEAF for subsequent allocation and distribution to local governments. Quarterly allocations are made to localities according to such criteria as population, income, the amount and distance coal is transported over local areas, and taxes collected from the county.

KRS 42.455(2)(3)(4) specifically prohibits the expenditure of LGEAF for the administration of government. Coal “impact” counties must expend 100 percent of funds in the transportation category. Thirty percent of all funds given to coal “producer” counties must be expended on the county coal haul road system. Expenditure of the remaining 70 percent given to coal “producers” and 100 percent of non-coal mineral severance producing funds must be directly related to the remaining priority categories:

- Public safety, including law enforcement, fire protection, ambulance service and other related services,

- Environmental protection, including sewage disposal, sanitation, solid waste and other related programs,
- Public transportation, including mass transit systems, streets and roads,
- Health,
- Recreation,
- Libraries and educational facilities,
- Services for the poor, aged, and handicapped,
- Industrial and economic development,
- Vocational education; and
- Workforce.

General Government
Local Government Economic Development Fund

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	50,453,700	56,598,800	56,598,800	52,396,300	47,642,800
Other	3,945,500				
Total General Fund	54,399,200	56,598,800	56,598,800	52,396,300	47,642,800
TOTAL SOURCE OF FUNDS	54,399,200	56,598,800	56,598,800	52,396,300	47,642,800
EXPENDITURES BY CLASS					
Grants, Loans or Benefits	54,399,200	56,598,800	56,598,800	52,396,300	47,642,800
TOTAL EXPENDITURES	54,399,200	56,598,800	56,598,800	52,396,300	47,642,800
EXPENDITURES BY FUND SOURCE					
General Fund	54,399,200	56,598,800	56,598,800	52,396,300	47,642,800
TOTAL EXPENDITURES	54,399,200	56,598,800	56,598,800	52,396,300	47,642,800
EXPENDITURES BY UNIT					
Economic Development Fund	54,399,200	56,598,800	56,598,800	52,396,300	47,642,800
TOTAL EXPENDITURES	54,399,200	56,598,800	56,598,800	52,396,300	47,642,800

The Local Government Economic Development Fund (LGEDF) in KRS 42.458-42.495 is a revenue-sharing program that was created by the 1992 Kentucky General Assembly to provide coal producing counties with the means to diversify their economies. The governing statute mandates that 35 percent of coal severance tax revenue be returned to coal producing counties. Two-thirds of the funds are distributed to individual county accounts using a formula based on coal severance taxes paid from the county, surplus labor rate, relative mining earnings, and relative mining employment. One-third of the dollars are reserved for the Multi-County Fund for joint projects. Kentucky law limits the use of the LGEDF to industrial park development projects, regional parks and job development incentive grants made to individual firms. Currently, 39 of the 45 original counties receive coal severance allocations.

The Governor's Office for Local Development (GOLD) is responsible for LGEDF financial management, accounting, and fund allocation and reporting. It also reviews and approves LGEDF grant applications. GOLD oversees those projects and others authorized by the General Assembly through the budget. The Cabinet for Economic Development reviews and approves the LGEDF Multi-County Fund grant applications. It oversees those projects as well as other projects authorized by the General Assembly through the budget.

Policy

The chart accompanying this illustrates the policy described below.

Notwithstanding KRS 342.122(1) (c), no General Fund appropriation is provided to the Kentucky Workers' Compensation Funding Commission in fiscal year 2009 and fiscal year 2010.

Notwithstanding KRS 45.4582 and KRS 4585, \$854,400 in fiscal year 2008-09 and \$854,400 in fiscal year 2009-10 is provided to the Osteopathic Medicine Scholarship Program within the Kentucky Higher Education Assistance Authority, \$1,000,000 in each fiscal year is provided to the Trover Clinic Grant within the Governor's Office for Local Development.

The Executive Budget provides funding for debt service on School Facilities Construction Commission bonds in the amount of \$4,617,900 each fiscal year of the biennium from the LGEDF before funds are distributed to localities. These bonds were approved by the 2003 Session of the General Assembly.

Included in the Executive Budget is funding for debt service in the amount of \$4,091,400 in each fiscal year of the biennium

to fund the Coal County Development Fund (water and sewer projects) authorized by the 2003 Regular Session of the General Assembly.

Included in the Executive Budget is funding for debt service in the amount of \$1,071,400 fiscal year 2008-09 and \$1,074,800 in fiscal year 2009-2010 to fund the Infrastructure for Economic Development Fund for Coal Producing Counties, authorized by the 2006 Regular Session of the General Assembly.

Included in the Executive Budget is funding for debt service in the amount of \$4,420,000 in fiscal year 2009-10 to fund \$50 million in new bonds for the Infrastructure for Economic Development Fund for Coal Producing Counties (water and sewer projects) included in the 2008-10 Executive Budget.

The Executive Budget provides funding to support the Read to Achieve Program in the Department of Education by allocating \$4 million each year from the LGEDF.

Included in the Executive Budget is funding to provide local match dollars for the Flood Control Matching Pool in the amount of \$800,000 in each year of the biennium.

Included in the Executive Budget is \$3 million in each year of the biennium for the Mine Safety and Licensing Program to help implement the new mine safety statutory requirements.

The Executive Budget provides support for services provided to coal producing counties by GOLD and the Kentucky Infrastructure Authority by allocating \$1,039,700 in each fiscal year of the biennium.

The Executive Budget allocates \$200,000 each year of the biennium for a Mining Engineering Scholarship Program at the University of Kentucky. Only students from coal producing counties will be eligible for these scholarships.

The Executive Budget directs the Cabinet for Economic Development to transfer \$7,028,200 in fiscal year 2008-09 and \$7,028,300 in fiscal year 2009-10 from the Multi-County Fund to the General Fund to pay the debt service on the \$100 million Bond Pool approved by the 2005 General Assembly.

The Executive Budget directs the Cabinet for Economic Development to transfer \$1.8 million in fiscal year 2008-09 and \$1.8 million in fiscal year 2009-10 from the LGEDF Multi-County Fund to the Office of Drug Control Policy to support the Drug Court Program. These funds will be expended for drug courts serving coal-producing counties only.

The Executive Budget directs the Cabinet for Economic Development to transfer \$1.25 million in each fiscal year of the biennium from the LGEDF Multi-County Fund to the Office of Drug Control Policy to support the Operation Unite grants. These funds will be expended only for grants in coal-producing counties.

The Executive Budget directs the Cabinet for Economic Development to transfer \$1 million in each fiscal year of the biennium from the LGEDF Multi-County Fund to the Commerce Cabinet to support the Tourism Marketing Program in coal producing counties.

The Executive Budget directs the Cabinet for Economic Development to transfer \$3.5 million in each fiscal year of the biennium from the LGEDF Multi-County Fund to the Office of Energy Policy to support the Energy Research and Development program in coal producing counties. Projects must be targeted solely to Kentucky's LGEDF eligible counties.

The Executive Budget directs the Cabinet for Economic Development to transfer \$7,499,600 in fiscal year 2008-09 and \$7,523,300 in fiscal year 2009-2010 from the LGEDF Multi-County fund to the General Fund to pay for debt service the Infrastructure Economic Development Fund for Coal Producing Counties funded by the 2006 Regular Session of the General Assembly.

Notwithstanding KRS 42.4588(2), LGEDF allocations to each coal-producing county, above the amounts specified through the line item appropriations by the General Assembly, may be used to support the nonrecurring investments in public health and safety, economic development, public infrastructure, information technology development and access, and public water and wastewater development.

Severance Tax Dedicated Programs 2008-2010 Biennium
Using January 2008 Consensus Forecast
Governor's Recommended Budget

	FY 2008 Enacted	FY 2008 Revised	FY 2009 Estimated	FY 2010 Estimated
Coal Severance Tax Resources				
Coal Severance Tax*	211,644,900	222,917,800	224,330,600	227,505,100
Less: Worker's Comp Set Aside (to General Fund)	-19,000,000	-19,000,000	-19,000,000	-19,000,000
Less: Osteopathic Medicine Scholarship Program	-1,024,300	-1,024,300	-854,400	-854,400
Less: Trover Clinic Grant	-1,000,000	-1,000,000	-1,000,000	-1,000,000
Less: Pharmacy Scholarship Program	-1,000,000	-1,000,000	0	0
Total coal severance tax resources to be distributed	189,620,600	200,893,500	203,476,200	202,533,200
Other Mineral Severance Tax Resources				
Other Mineral Severance Taxes*				
Other Solid Minerals Severance	15,300,000	16,327,300	14,139,000	16,918,100
Natural Gas Severance	25,300,000	29,229,700	28,530,400	29,832,100
Oil Production	5,400,000	7,928,300	7,673,800	8,000,000
Total other severance tax resources to be distributed	46,000,000	53,485,300	50,343,200	54,750,200
Local Government Economic Assistance Fund (LGEAF) Total Funds				
Coal Severance Tax Revenue (15% of Revenue)	28,443,100	30,134,000	30,521,400	30,997,600
Other Mineral Severance Tax Revenue (50% of Revenue)	23,000,000	26,742,700	25,171,600	27,375,100
Total LGEAF to be distributed	51,443,100	56,876,700	55,693,000	57,755,100
Local Government Economic Development Fund (LGEDF)				
Coal Severance (35% of amounts remaining to be distributed)	66,367,200	70,312,700	71,216,700	72,327,700
Less: Debt Service - \$54.7m School Facilities Construction 2002-04	-4,617,900	-4,617,900	-4,617,900	-4,617,900
Less: Debt Service - Water & Sewer Bonds 2002-04 (KIA)	-4,091,900	-4,091,900	-4,091,400	-4,091,400
Less: Debt Service - \$100m Water & Sewer Bonds 2006-08 (KIA)	-1,164,000	-1,164,000	-1,071,400	-1,074,800
Less: Debt Service - \$50m Water & Sewer Bonds for Coal-Producing Counties 2008-10 (KIA)	0	0	0	-4,420,000
Less: Read to Achieve (Education)	-4,000,000	-4,000,000	-4,000,000	-4,000,000
Less: Flood Control Matching Pool - Capital Appropriation	-800,000	-800,000	-800,000	-800,000
Less: Mine Safety	0	0	-3,000,000	-3,000,000
Less: LGEDF Project Administration (GOLD)	-1,039,700	-1,039,700	-1,039,700	-1,039,700
Less: Mining Engineering Scholarship Program (UK)	-200,000	-200,000	-200,000	-200,000
Total LGEDF for County Distribution	50,453,700	54,399,200	52,396,300	47,642,800
Total LGEDF for Single County Distribution (66.7% of LGEDF Distribution)	33,637,500	36,267,900	34,932,600	31,763,500
Local Government Economic Development Multi-County Fund				
Multi-County Allocation (33% of LGEDF County Distribution)	16,816,200	18,131,300	17,463,700	16,359,700
Balance Forward from prior fiscal year	27,397,800	27,397,800	13,981,100	9,367,000
Total Multi-County Resources	44,214,000	45,529,100	31,444,800	25,726,700
Less: Debt Service - \$80m Water & Sewer Bonds 2004-06 (KIA)	-7,450,000	-7,450,000	-7,028,200	-7,028,200
Less: Drug Courts (Office of Drug Control Policy)	-1,800,000	-1,800,000	-1,800,000	-1,800,000
Less: Operation Unite (Office of Drug Control Policy)	-1,250,000	-1,250,000	-1,250,000	-1,250,000
Less: Flood Control Matching/State-Owned Dam Pool for Coal Counties (GOLD/EPPC)	-700,000	-700,000	0	0
Less: Tourism Marketing (Commerce)	-1,000,000	-1,000,000	-1,000,000	-1,000,000
Less: Energy Research Grants (Office of Energy Policy)	-3,500,000	-3,500,000	-3,500,000	-3,500,000
Less: School Technology (Education)	-5,000,000	-5,000,000	0	0
Less: Kentucky Geological Survey (UK)	-250,000	-250,000	0	0
Less: Clean Water Act Section 404 State Primacy Program (EPPC)	-300,000	0	0	0
Less: 12 Multi-County Regional Industrial Park Authorities	-300,000	-300,000	0	0
Less: Debt Service - \$100m Water & Sewer Bonds for Coal Producing Counties 2006-08 (KIA)	-8,148,000	-8,148,000	-7,499,600	-7,523,300
Less: Multi-County Statutory Uses (Economic Development)	0	-2,150,000	-1,812,600	-1,332,200
Balance Forward to Be Carried Forward	14,516,000	13,981,100	7,554,400	0

*Revenue numbers account for quarter lag

**General Government
Area Development Fund**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	809,700	809,700	809,700	691,200	691,200
Budget Reduction	-24,300				
Total General Fund	785,400	809,700	809,700	691,200	691,200
TOTAL SOURCE OF FUNDS	785,400	809,700	809,700	691,200	691,200
EXPENDITURES BY CLASS					
Grants, Loans or Benefits	785,400	809,700	809,700	691,200	691,200
TOTAL EXPENDITURES	785,400	809,700	809,700	691,200	691,200
EXPENDITURES BY FUND SOURCE					
General Fund	785,400	809,700	809,700	691,200	691,200
TOTAL EXPENDITURES	785,400	809,700	809,700	691,200	691,200

The Area Development Fund is a revenue sharing program that was created by the 1976 Regular Session of the General Assembly to fund industrial development projects in communities within each of the 15 Area Development Districts. The Area Development Districts rank and recommend to the Commissioner of GOLD the projects that they consider to be eligible for funding.

Policy

Notwithstanding KRS 48.185, the Executive Budget recommends \$691,200 from the General Fund to the Area Development Fund in each year of the biennium.

**General Government
Executive Branch Ethics Commission**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	444,000	528,200	560,900	448,500	448,500
Salary Compensation Fund	4,500				
Total General Fund	448,500	528,200	560,900	448,500	448,500
Restricted Funds					
Balance Forward	9,600	10,000	6,000		
Current Receipts	48,900	45,000	45,000	45,000	45,000
Non-Revenue Receipts	1,500	1,000	1,000	1,000	1,000
Fund Transfers	-10,000				
Total Restricted Funds	50,000	56,000	52,000	46,000	46,000
TOTAL SOURCE OF FUNDS	498,500	584,200	612,900	494,500	494,500
EXPENDITURES BY CLASS					
Personnel Cost	439,800	514,200	546,900	435,800	435,800
Operating Expenses	58,700	64,000	64,000	58,700	58,700
TOTAL EXPENDITURES	498,500	578,200	610,900	494,500	494,500
EXPENDITURES BY FUND SOURCE					
General Fund	448,500	528,200	560,900	448,500	448,500
Restricted Funds	50,000	50,000	50,000	46,000	46,000
TOTAL EXPENDITURES	498,500	578,200	610,900	494,500	494,500
EXPENDITURES BY UNIT					
Executive Branch Ethics Commission	498,500	578,200	610,900	494,500	494,500
TOTAL EXPENDITURES	498,500	578,200	610,900	494,500	494,500

In accordance with KRS 11A, the Executive Branch Ethics Commission is responsible for reviewing the personal financial interests of the constitutional officers and management personnel in state government in order to prevent conflicts of interest. Additionally, the Commission issues advisory opinions with regard to ethical conduct, investigates and enforces possible violations of the Code, and provides a registration mechanism for executive agency lobbyists.

**General Government
Secretary of State**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	2,298,100	3,015,600	3,218,400	2,050,000	2,050,000
Salary Compensation Fund	31,400				
Total General Fund	2,329,500	3,015,600	3,218,400	2,050,000	2,050,000
Restricted Funds					
Balance Forward	811,900	1,066,400	930,900	266,400	126,900
Current Receipts	2,054,500	2,104,500	2,200,000	2,104,500	2,200,000
Non-Revenue Receipts		-900,000	-900,000		
Fund Transfers	-1,797,000			-1,347,000	-1,347,000
Total Restricted Funds	1,069,400	2,270,900	2,230,900	1,023,900	979,900
TOTAL SOURCE OF FUNDS	3,398,900	5,286,500	5,449,300	3,073,900	3,029,900
EXPENDITURES BY CLASS					
Personnel Cost	2,431,000	3,007,500	3,209,300	2,256,600	2,322,900
Operating Expenses	701,500	1,348,100	999,100	690,400	688,100
TOTAL EXPENDITURES	3,132,500	4,355,600	4,208,400	2,947,000	3,011,000
EXPENDITURES BY FUND SOURCE					
General Fund	2,329,500	3,015,600	3,218,400	2,050,000	2,050,000
Restricted Funds	803,000	1,340,000	990,000	897,000	961,000
TOTAL EXPENDITURES	3,132,500	4,355,600	4,208,400	2,947,000	3,011,000
EXPENDITURES BY UNIT					
General Administration	1,579,800	2,032,800	2,165,800	1,419,100	1,458,700
General Operations	1,508,700	2,267,900	1,983,400	1,483,800	1,506,500
Restoration of Land Grant Books	44,000	54,900	59,200	44,100	45,800
TOTAL EXPENDITURES	3,132,500	4,355,600	4,208,400	2,947,000	3,011,000

The Secretary of State directs the Department of State of the Commonwealth and is the constitutional officer entrusted with filing, maintaining, and preserving the important documents and records of the Commonwealth. The Secretary is also the keeper of the Seal of the Commonwealth and affixes it to all communications and commissions issued in the name of the state.

The Office of the Secretary of State consists of the following organizational units: the Division of Corporations, which contains the Department of Business Filings, the Department of Business Records, and the Uniform Commercial Code Branch; and the Division of Administration.

The Division of Corporations is responsible for the registration and incorporation of businesses, both domestic and foreign, profit and non-profit, including the administration of documents of merger, dissolution, and name changes. It also accepts and processes filings for limited liability companies and registered limited liability partnerships. These entities must also file articles of organization with the Secretary of State as well as amendments, mergers and dissolutions.

The Division of Administration is responsible for executive policy and management functions for the entire office. It prepares and records official documents for the Governor; administers Kentucky's notary public law; issues commissions, pardons, commutations, and extraditions; processes service of summonses; and implements election laws of the Commonwealth.

The State Land Office is also under the supervision of the Secretary of State. It preserves Kentucky's land grant records and

fulfills daily inquiries and requests for copies of those records. It files city annexations and incorporations, state deeds, and new land patents, and it provides the public with certified copies of land surveys, grants, and military warrants. The restoration process consists of indexing, de-acidifying, laminating, and bonding, thus safely preserving Kentucky's original land grants.

Policy

Restricted Funds appropriations made to the Secretary of State shall not lapse and shall be used for continuation of current activities in the Office of the Secretary of State.

The Executive Budget directs \$1,347,000 in fiscal year 2009 and \$1,347,000 in fiscal year 2010 to be transferred to the General Fund.

**General Government
Board of Elections**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	4,861,900	5,474,400	3,825,500	4,210,700	2,847,400
Budget Reduction	-112,800				
Salary Compensation Fund	21,800				
Total General Fund	4,770,900	5,474,400	3,825,500	4,210,700	2,847,400
Restricted Funds					
Balance Forward	1,054,200	1,128,700	708,600	978,700	479,300
Current Receipts	77,000	70,000	90,000	70,000	90,000
Fund Transfers	-150,000				
Total Restricted Funds	981,200	1,198,700	798,600	1,048,700	569,300
Federal Funds					
Balance Forward	21,460,400	22,420,200	12,799,800	22,362,400	11,181,200
Current Receipts	1,059,800	1,059,800	1,059,800	1,059,800	1,059,800
Total Federal Funds	22,520,200	23,480,000	13,859,600	23,422,200	12,241,000
TOTAL SOURCE OF FUNDS	28,272,300	30,153,100	18,483,700	28,681,600	15,657,700
EXPENDITURES BY CLASS					
Personnel Cost	972,500	1,346,300	1,440,000	992,400	1,021,200
Operating Expenses	609,800	919,900	923,300	671,800	667,900
Grants, Loans or Benefits	3,348,900	14,378,500	12,639,900	15,356,900	13,968,600
TOTAL EXPENDITURES	4,931,200	16,644,700	15,003,200	17,021,100	15,657,700
EXPENDITURES BY FUND SOURCE					
General Fund	4,770,900	5,474,400	3,825,500	4,210,700	2,847,400
Restricted Funds	2,500	490,100	497,500	569,400	569,300
Federal Funds	157,800	10,680,200	10,680,200	12,241,000	12,241,000
TOTAL EXPENDITURES	4,931,200	16,644,700	15,003,200	17,021,100	15,657,700
EXPENDITURES BY UNIT					
General Administration and Support	1,479,800	2,158,700	2,259,800	1,556,700	1,585,600
State Share of County Election Expenses	1,811,600	1,827,300		1,431,200	
State Share of Voter Registration Expenses	1,479,500	1,562,000	1,650,700	1,294,700	1,337,700
Presidential Electors		4,000		4,000	
Election Fund	160,300	11,092,700	11,092,700	12,734,500	12,734,400
TOTAL EXPENDITURES	4,931,200	16,644,700	15,003,200	17,021,100	15,657,700

The State Board of Elections administers the election laws of the state (KRS Chapters 116, 117, 118, 118A, 119, and 120) and supervises the registration and purgation of voters. The Board is responsible for canvassing returns, certifying successful candidates, maintaining the statewide list of registered voters, and paying local election officers.

The Board is chaired by the Secretary of State. Six other members are appointed by the Governor.

General Administration and Support

The General Administration and Support program objectives are to maintain an up-to-date computerized record of registered voters in the state, certify election results, produce precinct rosters, issue certification of nomination and election, train county clerks in election duties, and conduct a nonpartisan voter education program.

Kentucky leads the nation with the implementation of the National Voter Registration Act (Motor Voter) and the on-line voter registration system. The system provides for:

- On-line inquiry which enables the county clerks to view the registration and voting record of each current registrant.
- Daily file maintenance which allows the county clerk to enter new registrants, transfer a registrant, or make the proper registration change on a local level. Once entered, this information is electronically transmitted to the statewide central file at the State Board of Elections in Frankfort.
- Printing and distribution of precinct rosters and alphabetical rosters to the county clerks for use on Election Day. This process begins when the books are closed and all changes, additions, and deletions are made to the file. The primary election consists of approximately 500,000 documents and the general election consists of approximately 275,000 documents.
- Post election activities including giving credit to all voters who voted on Election Day. Precinct rosters are scanned into the system allowing the agency to update the voter files, produce voter turnout reports, and prepare various other reports including vital data to candidates, media, researchers, and the general public.

The State Board of Elections' Election Night Tally System provides up-to-the-minute, unofficial election results on all candidates who file with the state.

State Share of County Election Expenses

The State Share of County Election Expenses program reimburses all precincts the state's statutory share of county election expenses pursuant to KRS 117.345(2).

The state currently has 3,543 precincts with over 2.8 million registered voters. The number of precincts increases as registration totals increase and as reapportionment of county commissioner/magisterial districts and congressional and state redistricting occur.

State Share of Voter Registration Expenses

The State Board of Elections remits payment to county clerks in the amount of twenty-five cents (\$0.25) per newly registered voter pursuant to KRS 116.145. There is a significant increase of newly registered voters in years that county and presidential candidates are on the ballot.

The State Board of Elections remits reimbursement to county clerks an amount not to exceed fifty cents (\$0.50) per registered voter in the county per year for the cost of employing office personnel necessary for the conduct of elections, including the registration and purgation of voters in the county pursuant to KRS 117.343 and KRS 116.112(7).

Election Fund

The Help America Vote Act (HAVA) was signed into law by President George W. Bush in 2002. The Act imposed new election requirements on states and called for the upgrade of voting machines to be in compliance by January 1, 2006.

The Commonwealth received \$32.9 million in federal funds to carry out the requirements of HAVA, which were matched with state funds at a rate of five percent. The funds were used for the purchase of voting equipment, voter education, poll worker training, and enhancement of the statewide vote registration system.

On December 8, 2006 the Board adopted the 2006 Amended State Plan, which indicated that the Commonwealth was in compliance with the requirements of HAVA. Any remaining or additional funds will be used to improve the election process.

**General Government
Registry of Election Finance**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,571,700	1,992,300	2,105,400	1,347,400	1,382,200
Budget Reduction	-47,400				
Salary Compensation Fund	6,800				
Base Deduction	-61,100				
Total General Fund	1,470,000	1,992,300	2,105,400	1,347,400	1,382,200
Restricted Funds					
Balance Forward	15,100	15,121	15,121	100	100
Fund Transfers	-15,000				
Total Restricted Funds	100	15,121	15,121	100	100
TOTAL SOURCE OF FUNDS	1,470,100	2,007,421	2,120,521	1,347,500	1,382,300
EXPENDITURES BY CLASS					
Personnel Cost	1,107,300	1,556,200	1,669,300	1,079,800	1,114,500
Operating Expenses	362,700	436,100	436,100	267,600	267,700
TOTAL EXPENDITURES	1,470,000	1,992,300	2,105,400	1,347,400	1,382,200
EXPENDITURES BY FUND SOURCE					
General Fund	1,470,000	1,992,300	2,105,400	1,347,400	1,382,200
TOTAL EXPENDITURES	1,470,000	1,992,300	2,105,400	1,347,400	1,382,200
EXPENDITURES BY UNIT					
Registry of Election Finance	1,470,000	1,992,300	2,105,400	1,347,400	1,382,200
TOTAL EXPENDITURES	1,470,000	1,992,300	2,105,400	1,347,400	1,382,200

The role of the Kentucky Registry of Election Finance is to assure the integrity of the Commonwealth's electoral process by making certain there is full public access to campaign financial data and financial disclosure reports, and by administering Kentucky's campaign finance laws.

Under KRS Chapter 121, Kentucky's campaign finance laws apply to all candidates for office, including local and statewide candidates, gubernatorial slates, judicial, state legislative, city and county, and school board candidates, as well as political issues committees, permanent committees, state and local party executive committees, and caucus campaign committees.

Regulatory functions of the Registry include educating candidates and committees on campaign finance laws; tracking candidate and committee election finance activities; ensuring compliance with campaign finance reporting requirements, including the timely filing of campaign finance reports; providing the means for electronic reporting of campaign finance data; ensuring compliance with campaign finance laws through desk reviews and random, mandatory complete audits; investigating complaints; advising candidates on campaign finance questions; and adjudicating charges of administrative violations of campaign finance laws.

Pursuant to KRS 121.170(5), the Registry receives copies of reports filed with the Federal Election Commission by federally registered out-of-state permanent committees that contribute to Kentucky candidates. These and the reports of other candidates and committees who are required to file with the Federal Election Commission may be viewed at the Registry's office in Frankfort pursuant to 2 U.S.C. Section 439(c).

The Registry also receives, compiles, and maintains Financial Disclosure Reports of elected officials and candidates for specified offices as provided in KRS Chapter 61.

The Registry's public disclosure role is a key component of the campaign finance laws. Registry staff routinely work with members of the public and media to fill open records requests and to assist in On-line Searchable Database searches.

**General Government
Attorney General**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	14,113,100	21,735,600	23,088,400	12,873,800	13,284,000
Salary Compensation Fund	159,700				
Total General Fund	14,272,800	21,735,600	23,088,400	12,873,800	13,284,000
Restricted Funds					
Balance Forward	3,256,254	1,535,400	800,000	2,135,400	1,182,800
Current Receipts	1,740,819	1,192,200	1,192,200	1,192,200	1,192,200
Non-Revenue Receipts	6,864,727	7,379,000	7,484,400	7,116,600	7,150,100
Fund Transfers	-200,000				
Total Restricted Funds	11,661,800	10,106,600	9,476,600	10,444,200	9,525,100
Federal Funds					
Current Receipts	2,669,100	3,664,900	3,832,400	2,550,800	2,607,100
Total Federal Funds	2,669,100	3,664,900	3,832,400	2,550,800	2,607,100
TOTAL SOURCE OF FUNDS	28,603,700	35,507,100	36,397,400	25,868,800	25,416,200
EXPENDITURES BY CLASS					
Personnel Cost	17,934,700	25,232,500	26,990,600	16,061,000	16,526,800
Operating Expenses	2,724,700	3,492,900	3,356,500	2,643,300	2,652,500
Grants, Loans or Benefits	5,808,900	5,981,700	5,981,700	5,981,700	5,981,700
TOTAL EXPENDITURES	26,468,300	34,707,100	36,328,800	24,686,000	25,161,000
EXPENDITURES BY FUND SOURCE					
General Fund	14,272,800	21,735,600	23,088,400	12,873,800	13,284,000
Restricted Funds	9,526,400	9,306,600	9,408,000	9,261,400	9,269,900
Federal Funds	2,669,100	3,664,900	3,832,400	2,550,800	2,607,100
TOTAL EXPENDITURES	26,468,300	34,707,100	36,328,800	24,686,000	25,161,000
EXPENDITURES BY UNIT					
Administrative Services	3,015,300	5,757,500	6,029,300	2,526,300	2,603,600
Criminal Services	8,868,000	11,819,800	12,493,900	7,981,000	8,118,700
Advocacy Services	4,832,300	6,245,700	6,565,100	4,399,100	4,488,900
Civil Services	3,052,700	3,705,100	3,956,100	2,863,000	2,999,700
Uninsured Employers Fund	6,700,000	7,179,000	7,284,400	6,916,600	6,950,100
TOTAL EXPENDITURES	26,468,300	34,707,100	36,328,800	24,686,000	25,161,000

The Attorney General, as the Commonwealth's constitutional chief law enforcement officer, performs a range of legal, investigative, and administrative duties. The Office has 12 organizational units to support the mission of the office.

The Administrative Services Division's duties include: personnel, payroll, fiscal, budget, state and federal grants, and employee training. The Prosecutors Advisory Council Services Division's duties include: personnel, payroll, fiscal, budget, state and federal grants, and legal education related to the Unified Prosecutorial System, along with the maintenance of child sexual abuse caseload and statistics, and the responsibility for the Victim and Witness Protection program.

The Office of Criminal Appeals, as mandated by KRS 15.020, represents the Commonwealth in all state and federal criminal appeals in which the Commonwealth has an interest. The Medicaid Fraud and Abuse Control Division investigates and

prosecutes cases of Medicaid Provider fraud pursuant to KRS 194.500-900 and KRS 205, and further complaints of abuse, neglect, and exploitation of residents in Medicaid facilities. The Kentucky Bureau of Investigations investigates specialized, primarily white-collar criminal activity, identity theft, and computer crimes. The Special Prosecutions Division, pursuant to KRS 15.190-715, prosecutes complex criminal cases when local prosecutors need assistance or disqualification from the case, prosecutes thefts from the Commonwealth by employees or elected officials, and prosecutes election and ethics law violations.

The Office of Consumer Protection enforces the provisions of the Consumer Protection Act that prohibit unfair, false, misleading, and deceptive acts or practices in trade or commerce and provides educational services to the elderly. The Office of Rate Intervention is responsible for representing the interests of consumers before federal, state, and local rate-making and regulatory bodies in the areas of utilities and health care insurance. The Office of Victim's Advocacy administers the victim's advocate program and provides support services to victims of crime. The Child Support Enforcement Commission, pursuant to KRS 15.290, advises the Governor, Health and Family Services Cabinet, and the Administrative Office of the Courts on child support enforcement issues and provides special investigations into child support evasion.

The Office of Civil and Environmental Law represents the state's boards and agencies, issues formal opinions, represents state officials, elected prosecutors, and the judiciary in legal proceedings, and intervenes in constitutional challenges to state statutes. The Office serves as the legal representative of the Uninsured Employer's Fund in all proceedings to enforce Workers' Compensation claims involving the Fund. The Administrative Hearings Division provides hearing officer services and mediation to state agencies.

The Uninsured Employer's Fund, pursuant to KRS 342.760, is responsible for payment of Workers' Compensation to employees when the employer does not have Workers' Compensation insurance.

**General Government
Commonwealth's Attorneys**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	32,558,100	49,502,100	52,034,400	32,296,700	33,007,200
Salary Compensation Fund	589,700				
Total General Fund	33,147,800	49,502,100	52,034,400	32,296,700	33,007,200
Restricted Funds					
Balance Forward	363,600	313,800	216,500	313,800	209,900
Current Receipts	260,000	1,380,900	1,459,400	226,600	232,300
Non-Revenue Receipts				1,154,300	1,227,100
Total Restricted Funds	623,600	1,694,700	1,675,900	1,694,700	1,669,300
Federal Funds					
Current Receipts	121,600	151,400	172,000	97,800	114,300
Total Federal Funds	121,600	151,400	172,000	97,800	114,300
TOTAL SOURCE OF FUNDS	33,893,000	51,348,200	53,882,300	34,089,200	34,790,800
EXPENDITURES BY CLASS					
Personnel Cost	29,545,100	45,127,100	48,273,400	29,800,500	30,600,300
Operating Expenses	3,999,100	5,869,900	5,371,800	4,044,100	4,044,100
Grants, Loans or Benefits	35,000	134,700	106,000	34,700	34,700
TOTAL EXPENDITURES	33,579,200	51,131,700	53,751,200	33,879,300	34,679,100
EXPENDITURES BY FUND SOURCE					
General Fund	33,147,800	49,502,100	52,034,400	32,296,700	33,007,200
Restricted Funds	309,800	1,478,200	1,557,600	1,484,800	1,557,600
Federal Funds	121,600	151,400	159,200	97,800	114,300
TOTAL EXPENDITURES	33,579,200	51,131,700	53,751,200	33,879,300	34,679,100
EXPENDITURES BY UNIT					
Commonwealth's Attorneys	33,579,200	51,131,700	53,751,200	33,879,300	34,679,100
TOTAL EXPENDITURES	33,579,200	51,131,700	53,751,200	33,879,300	34,679,100

The Commonwealth's Attorneys program is made up of 57 elected Commonwealth's Attorneys and their staffs, one for each judicial circuit. As of January 1, 2008, 51 circuits have full-time Commonwealth's Attorneys, with the remaining being part-time. Commonwealth's Attorneys are responsible for all felony prosecutions, including those prosecutions in which the penalty of death may be imposed upon the defendant. The prosecution of each felony requires a thorough investigation that involves extensive research and trial preparation by the prosecutor. Witness interviews, grand jury presentations, motions (including post-conviction motions), conferences, plea-bargaining, case studies, continuing legal education and participation on multi-disciplinary teams are a part of each prosecutor's responsibility in representing the Commonwealth and citizens of Kentucky as the state's attorney.

Pursuant to KRS 15.725, the Commonwealth's Attorneys attend each circuit court held in the judicial circuit. The Commonwealth's Attorneys, except as provided by KRS 15.715, have the duty to prosecute all violations of the criminal and penal laws which are tried in the circuit court. In addition, the Commonwealth's Attorneys have the primary responsibility within the judicial circuit to present evidence to the grand jury concerning such violations.

In accordance with KRS 15.735, the Commonwealth's Attorneys serve as special prosecutors in cases where the regularly elected prosecutors have been disqualified.

**General Government
County Attorneys**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	27,752,300	41,261,800	43,917,900	27,671,200	28,912,400
Budget Reduction	-300,000				
Salary Compensation Fund	700,900				
Total General Fund	28,153,200	41,261,800	43,917,900	27,671,200	28,912,400
Restricted Funds					
Balance Forward	427,700	319,200	210,700	301,700	193,200
Current Receipts	90,000	90,000	90,000	90,000	90,000
Non-Revenue Receipts				105,200	105,200
Fund Transfers	-17,500				
Total Restricted Funds	500,200	409,200	300,700	496,900	388,400
Federal Funds					
Current Receipts	488,100	570,200	584,700	570,200	584,700
Total Federal Funds	488,100	570,200	584,700	570,200	584,700
TOTAL SOURCE OF FUNDS	29,141,500	42,241,200	44,803,300	28,738,300	29,885,500
EXPENDITURES BY CLASS					
Personnel Cost	27,622,600	39,557,000	42,228,600	27,100,200	28,352,900
Operating Expenses	1,217,200	2,473,500	2,472,500	1,444,900	1,447,900
TOTAL EXPENDITURES	28,839,800	42,030,500	44,701,100	28,545,100	29,800,800
EXPENDITURES BY FUND SOURCE					
General Fund	28,153,200	41,261,800	43,917,900	27,671,200	28,912,400
Restricted Funds	198,500	198,500	198,500	303,700	303,700
Federal Funds	488,100	570,200	584,700	570,200	584,700
TOTAL EXPENDITURES	28,839,800	42,030,500	44,701,100	28,545,100	29,800,800
EXPENDITURES BY UNIT					
County Attorneys	28,839,800	42,030,500	44,701,100	28,545,100	29,800,800
TOTAL EXPENDITURES	28,839,800	42,030,500	44,701,100	28,545,100	29,800,800

Pursuant to KRS 15.725(2), each County Attorney attends the district court in the respective county and prosecutes all violations of criminal and penal laws within the jurisdiction of that district court. In accordance with KRS 15.735, County Attorneys also serve as special prosecutors in cases where the elected prosecutors have been disqualified.

Criminal cases at the district level include felonies (until the case is transferred to circuit court), misdemeanors, juvenile cases, and traffic cases. County Attorneys prosecute the majority of DUI cases. Most counties have Family Court, Drug Court, and/or Truancy Court requiring representation from the Office of the County Attorney. The County Attorney receives numerous criminal complaints from local law enforcement and the general public and frequently mediates local complaints so many of the services provided may never appear on a court docket. County Attorneys are also required to participate on multi-disciplinary teams involving child sexual abuse cases.

General Government

Treasury

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	2,210,400	2,886,900	3,010,700	1,927,600	1,927,600
Budget Reduction	-44,700				
Salary Compensation Fund	24,700				
Total General Fund	2,190,400	2,886,900	3,010,700	1,927,600	1,927,600
Restricted Funds					
Balance Forward	61,700				
Non-Revenue Receipts	691,400	910,800	947,700	785,300	801,100
Fund Transfers	-15,100				
Total Restricted Funds	738,000	910,800	947,700	785,300	801,100
Road Fund					
Regular Appropriation	250,000	250,000	250,000	250,000	250,000
Total Road Fund	250,000	250,000	250,000	250,000	250,000
TOTAL SOURCE OF FUNDS	3,178,400	4,047,700	4,208,400	2,962,900	2,978,700
EXPENDITURES BY CLASS					
Personnel Cost	2,517,700	3,352,900	3,513,400	2,334,600	2,350,000
Operating Expenses	660,700	694,800	695,000	628,300	628,700
TOTAL EXPENDITURES	3,178,400	4,047,700	4,208,400	2,962,900	2,978,700
EXPENDITURES BY FUND SOURCE					
General Fund	2,190,400	2,886,900	3,010,700	1,927,600	1,927,600
Restricted Funds	738,000	910,800	947,700	785,300	801,100
Road Fund	250,000	250,000	250,000	250,000	250,000
TOTAL EXPENDITURES	3,178,400	4,047,700	4,208,400	2,962,900	2,978,700
EXPENDITURES BY UNIT					
General Administration and Support	1,720,700	2,183,700	2,261,500	1,479,600	1,458,000
Disbursements and Accounting	719,700	953,200	999,200	698,000	719,600
Abandoned Property Administration	738,000	910,800	947,700	785,300	801,100
TOTAL EXPENDITURES	3,178,400	4,047,700	4,208,400	2,962,900	2,978,700

The Treasury Department is the central administrative agency responsible for the receipt and custody of all revenues collected by state government and for writing all checks and disbursing state funds, as outlined in KRS Chapter 41.

The State Treasurer, a constitutional officer as provided in Section 91 of the Kentucky Constitution, heads the Treasury Department. The Treasurer also serves on the Kentucky Lottery Board, the Kentucky Higher Education Assistance Board, as trustee of the Kentucky Teachers' Retirement System, and is Vice-Chair of the State Investment Commission. The Treasury Department reviews and records all investment transactions of the Commonwealth.

The General Administration and Support Division provides management support for Treasury including: fiscal control, personnel administration, and policy development and implementation. The Division issues over 10,000,000 checks and stubs each year, reconciles the various Commonwealth bank accounts, reconciles daily with the State Depository, administers and records court-ordered withholdings, and produces wire transfers for state government.

The Disbursements and Accounting Division receives all funds of the Commonwealth including fees, grants, taxes, federal funds, fees from officials in counties over 75,000 in population, and fees from various boards and commissions. This program also receives, balances, and deposits all withholdings and U. S. Savings Bond deductions from state agency payrolls. A computer analysis is maintained on daily receipts and disbursements, which subsequently is submitted to the Finance and Administration Cabinet for accounting posting.

The Unclaimed Property Division is responsible for administering the provisions of KRS Chapter 393 related to escheats. This program receives unclaimed property reports from holders and potential holders of unclaimed property, collects unclaimed property, pursues the location and collection of the property, and attempts to locate the rightful property owner.

Policy

Restricted Funds are provided in accordance with KRS 393.250 for the administration of the Unclaimed Property program in the amount of \$785,300 in fiscal year 2009 and \$801,100 in fiscal year 2010. This action reflects the movement of available off-budget Restricted Funds to on-budget status to support ongoing activities of the Unclaimed Property program.

Road Fund money in the amount of \$250,000 is included each year of the biennium to support the central check writing system and other central administrative responsibilities of state government.

The Executive Budget includes \$141,000 in capital construction investment income appropriations in the capital budget in each fiscal year of the biennium to continue the lease purchase of two laser check printers.

General Government

Agriculture

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	21,529,700	31,821,700	33,361,700	19,958,700	21,172,200
Special Appropriation	400,000				
Continuing Appropriation	402,900				
Budget Reduction	-350,000				
Salary Compensation Fund	200,800				
Total General Fund	22,183,400	31,821,700	33,361,700	19,958,700	21,172,200
Restricted Funds					
Balance Forward	4,715,600	2,986,900	1,224,100	2,606,700	904,400
Current Receipts	4,419,200	4,816,400	5,188,700	4,447,600	4,569,900
Non-Revenue Receipts	1,863,800	201,100	208,700	201,100	208,700
Fund Transfers	-718,000				
Total Restricted Funds	10,280,600	8,004,400	6,621,500	7,255,400	5,683,000
Federal Funds					
Current Receipts	5,089,200	4,765,800	4,706,800	4,765,800	4,706,800
Total Federal Funds	5,089,200	4,765,800	4,706,800	4,765,800	4,706,800
TOTAL SOURCE OF FUNDS	37,553,200	44,591,900	44,690,000	31,979,900	31,562,000
EXPENDITURES BY CLASS					
Personnel Cost	19,229,800	24,016,600	26,278,000	17,856,400	18,420,400
Operating Expenses	6,724,500	7,897,900	7,377,100	6,182,500	6,093,800
Grants, Loans or Benefits	5,950,100	8,948,600	9,038,400	5,104,400	4,834,700
Debt Service					223,000
Capital Outlay	2,580,100	2,504,700	1,954,500	1,932,200	1,932,200
TOTAL EXPENDITURES	34,484,500	43,367,800	44,648,000	31,075,500	31,504,100
EXPENDITURES BY FUND SOURCE					
General Fund	21,721,400	31,821,700	33,361,700	19,958,700	21,172,200
Restricted Funds	7,673,900	6,780,300	6,579,500	6,351,000	5,625,100
Federal Funds	5,089,200	4,765,800	4,706,800	4,765,800	4,706,800
TOTAL EXPENDITURES	34,484,500	43,367,800	44,648,000	31,075,500	31,504,100
EXPENDITURES BY UNIT					
Strategic Planning and Administration	3,926,000	5,585,500	6,045,300	3,325,300	3,628,200
Motor Fuel Inspection and Testing	1,303,300	1,715,300	2,048,500	1,305,600	1,339,400
Consumer and Environmental Programs	13,499,600	16,580,500	17,168,600	13,252,100	13,407,200
State Veterinarian	4,316,800	5,402,600	5,696,100	3,919,000	4,009,800
Animal Control	375,100	420,000	420,000	170,000	170,000
Universities	957,000	957,000	957,000	957,000	957,000
Market Promotion and Protection	87,000	106,200	113,800	88,400	88,800
Mexico Office	100,000	120,000	120,000	100,000	100,000
Farmland Preservation	975,000	750,000	750,000	750,000	750,000
Agriculture Marketing and Product Promotion	8,496,900	11,319,200	10,912,500	6,808,100	6,653,700
Small Winery Support Fund	447,800	411,500	416,200	400,000	400,000
TOTAL EXPENDITURES	34,484,500	43,367,800	44,648,000	31,075,500	31,504,100

The Department of Agriculture, as defined in KRS Chapter 246, is headed by the Commissioner of Agriculture, a Constitutional Officer. The State Board of Agriculture, appointed by the Governor, acts as an advisory body to the elected Commissioner.

The Office of the Commissioner provides leadership and management for the Department, and includes the Division of Public Relations. The Office for Strategic Planning and Administration is responsible for personnel functions, budgeting, financial operation, and information technology systems.

The Office for Consumer and Environmental Protection directs programs which have a direct bearing on agricultural revenue. The Office conducts the grain regulation program, certifies all sales made by solid weight or liquid volume, licenses egg wholesalers, and inspects amusement rides operating within the Commonwealth. Duties include the distribution of commodity foods to qualifying institutions and individuals on behalf of the United States Department of Agriculture. This office is responsible for conducting various pest and noxious weed control programs, enforcing federal and state laws and regulations pertaining to the control of pesticide use and application, and liaison between the regulator and those being regulated. In addition, the Office will operate the state's new motor fuel and pesticide testing laboratory, authorized by the General Assembly in 2006.

The Office of State Veterinarian protects the livestock industry pursuant to KRS Chapter 257. Its primary function is the prevention and eradication of animal disease, and to ensure the health of the state's multi-billion dollar animal agriculture industries. It enforces Kentucky's statutes on animal importation and movement, and provides numerous other services to the livestock and poultry industries.

The Office for Agricultural Marketing and Product Promotion develops and manages programs which promote Kentucky-produced agricultural products, including grading and inspecting specific products and commodities and reporting market news. Responsibilities of this office include the research and development of new and expanded outlets for Kentucky's agricultural products, agricultural education, agritourism development, farm safety, administration of the Shows and Fairs Promotion Division, and farmland preservation. The Office is also responsible for providing testing services for hay and other forages essential for Kentucky's livestock industries. The Small Farm Winery Support Fund was created in 2006 and the Department administers \$400,000 each year of the biennium to develop marketing and promotion strategies to assist this emerging industry.

Policy

The Executive Budget includes General Fund in the amount of \$223,000 in fiscal year 2009-2010 for debt service to support new bonds for the construction and renovation of animal shelters.

General Government
Auditor of Public Accounts

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	5,828,300	9,045,500	10,287,700	5,369,800	5,660,300
Budget Reduction	-75,000				
Salary Compensation Fund	91,600				
Total General Fund	5,844,900	9,045,500	10,287,700	5,369,800	5,660,300
Restricted Funds					
Balance Forward	7,500				
Current Receipts	4,372,400	4,567,300	4,586,600	4,266,700	4,266,700
Total Restricted Funds	4,379,900	4,567,300	4,586,600	4,266,700	4,266,700
TOTAL SOURCE OF FUNDS	10,224,800	13,612,800	14,874,300	9,636,500	9,927,000
EXPENDITURES BY CLASS					
Personnel Cost	9,048,700	12,449,300	13,802,100	8,583,200	8,872,900
Operating Expenses	1,176,100	1,163,500	1,072,200	1,053,300	1,054,100
TOTAL EXPENDITURES	10,224,800	13,612,800	14,874,300	9,636,500	9,927,000
EXPENDITURES BY FUND SOURCE					
General Fund	5,844,900	9,045,500	10,287,700	5,369,800	5,660,300
Restricted Funds	4,379,900	4,567,300	4,586,600	4,266,700	4,266,700
TOTAL EXPENDITURES	10,224,800	13,612,800	14,874,300	9,636,500	9,927,000
EXPENDITURES BY UNIT					
Auditor of Public Accounts	10,224,800	13,612,800	14,874,300	9,636,500	9,927,000
TOTAL EXPENDITURES	10,224,800	13,612,800	14,874,300	9,636,500	9,927,000

The Auditor of Public Accounts is the constitutional officer responsible for auditing all state agencies and county governments, pursuant to KRS Chapter 43. Statutory responsibility requires the Auditor's Office to examine the state general accounts, the accounts of all state agencies, all private and semi-private agencies receiving or handling state funds, and all state revenue collections. The Auditor must examine the management and control of all institutions and public works in which the state has financial interest or legal power.

The Auditor's Office is responsible for assisting state and local officials in establishing and maintaining proper accounting records, internal controls, and administrative controls over public funds. The Office responds to requests from public officials, the general public, the Legislative Research Commission, and the Governor's Office concerning financial and program matters, special audits, and investigations.

The Auditor of Public Accounts has four program areas: Administration, Division of Examination and Information Technology, Office of Financial Audit, and the Division of Performance Audit.

The Administration area includes the Office of the State Auditor, the Office of Legal and Audit Support Services, and the Office of Planning and Management. All policy, budget, fiscal, legal, and personnel duties are performed within the Administration area. The development of audit procedures as well as internal and external training are the responsibility of the Administration area.

The Division of Examination and Information Technology is responsible for internal technology systems, data processing systems, special examinations of complaints, and security consultation and training.

The Office of Financial Audits is responsible for financial audits of state agency transactions, pursuant to KRS 43.050, and for

county officials such as fiscal courts, sheriffs, county clerks, property valuation administrators, county attorneys, circuit clerks, and special districts per KRS 43.070. The Single Audit Act of 1984 as enacted by the United States Congress is also one of the responsibilities for the Auditor of Public Accounts.

The Division of Performance Audit conducts audits of public entities to increase the effectiveness and reduce the cost of the delivery of services.

**General Government
Personnel Board**

	<u>Revised FY 2008</u>	<u>Requested FY 2009</u>	<u>Requested FY 2010</u>	<u>Recommended FY 2009</u>	<u>Recommended FY 2010</u>
SOURCE OF FUNDS					
General Fund					
Regular Appropriation			41,500		
Total General Fund			41,500		
Restricted Funds					
Balance Forward	65,300	65,300	27,700	300	26,700
Current Receipts	767,100	908,400	970,700	767,100	767,100
Fund Transfers	-65,000				
Total Restricted Funds	767,400	973,700	998,400	767,400	793,800
TOTAL SOURCE OF FUNDS	767,400	973,700	1,039,900	767,400	793,800
EXPENDITURES BY CLASS					
Personnel Cost	674,500	849,300	903,100	647,400	661,900
Operating Expenses	92,600	96,700	136,700	93,300	131,900
TOTAL EXPENDITURES	767,100	946,000	1,039,800	740,700	793,800
EXPENDITURES BY FUND SOURCE					
General Fund			41,500		
Restricted Funds	767,100	946,000	998,300	740,700	793,800
TOTAL EXPENDITURES	767,100	946,000	1,039,800	740,700	793,800
EXPENDITURES BY UNIT					
Personnel Board	767,100	946,000	1,039,800	740,700	793,800
TOTAL EXPENDITURES	767,100	946,000	1,039,800	740,700	793,800

Created by the 1982 General Assembly, the Personnel Board is composed of seven members. The Governor appoints five, and two are classified employees elected by their colleagues. The Board serves in a quasi-judicial capacity and assists the Personnel Cabinet in the development of administrative regulations pertaining to the classified service.

The Personnel Board administers the appeals process of applicants for classified positions and conducts hearings for any non-probationary employee who is dismissed, demoted, suspended, or otherwise penalized for cause.

Policy

Beginning in fiscal year 2007, the Personnel Board no longer received General Fund appropriations but Restricted Funds were appropriated in its place. The Executive Budget for the fiscal biennium 2008-2010 continues this practice. The agency will coordinate with the Finance and Administration Cabinet to assess each agency of the Executive Branch under KRS Chapter 18A based upon the authorized full-time positions of each agency as of July 1. This assessment will occur in fiscal year 2009 and fiscal year 2010.

Pursuant to KRS 18A.0551, Restricted Funds are provided in fiscal year 2010 to support the election of Personnel Board members.

**General Government
Kentucky Retirement Systems**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	1,752,500				
Non-Revenue Receipts	22,500,600	29,703,600	31,335,600	23,905,600	24,725,500
Total Restricted Funds	24,253,100	29,703,600	31,335,600	23,905,600	24,725,500
TOTAL SOURCE OF FUNDS	24,253,100	29,703,600	31,335,600	23,905,600	24,725,500
EXPENDITURES BY CLASS					
Personnel Cost	19,269,400	24,345,400	25,907,700	19,161,700	19,866,600
Operating Expenses	4,174,300	4,708,200	4,777,900	4,243,900	4,208,900
Capital Outlay	809,400	650,000	650,000	500,000	650,000
TOTAL EXPENDITURES	24,253,100	29,703,600	31,335,600	23,905,600	24,725,500
EXPENDITURES BY FUND SOURCE					
Restricted Funds	24,253,100	29,703,600	31,335,600	23,905,600	24,725,500
TOTAL EXPENDITURES	24,253,100	29,703,600	31,335,600	23,905,600	24,725,500
EXPENDITURES BY UNIT					
Kentucky Retirement Systems	24,253,100	29,703,600	31,335,600	23,905,600	24,725,500
TOTAL EXPENDITURES	24,253,100	29,703,600	31,335,600	23,905,600	24,725,500

Kentucky Retirement Systems administers three retirement systems which are qualified governmental defined benefit plans under Section 401(a) of the Internal Revenue Code: Kentucky Employees Retirement System (state employees, universities, health departments, certain boards) governed by KRS 61.510-61.705; County Employees Retirement System (employees of cities, counties, local government entities, and classified employees of school boards) governed by KRS 78.510-78.852; and State Police Retirement System (uniformed officers of Kentucky State Police) governed by KRS 16.505-16.652. Medical insurance benefits are governed by KRS 61.701-61.702. The systems were established in the 1950s to provide a pension that, when coupled with Social Security, would provide the career employee with sufficient income to maintain his or her pre-retirement standard of living.

Kentucky Retirement Systems is administered by a nine-member board of trustees consisting of the Secretary of the Personnel Cabinet, three members appointed by the Governor, and five members elected by employees and retirees of the three retirement systems. The Board is responsible for the collection and investment of contributions. Members of the Board are considered fiduciaries and are required to administer the funds in the sole interest of the members and beneficiaries of the systems. The Board is required to invest the funds under the "prudent person" rule. Investments are diversified among common stocks, government and private bonds, real estate and cash equivalents. An actuarial valuation is conducted each year to determine the funding status of the three systems, and an annual independent audit is performed as well.

Employers contribute a percentage of gross payroll recommended by the actuarial valuation. However, the General Assembly may adopt a rate that varies from the actuarial valuation. Employees contribute at a fixed rate set in the statutes. The assets of the system are considered trust funds. All expenses are paid from the trust.

Policy

Restricted Funds providing for the operations of the Kentucky Retirement Systems in the Executive Budget are transferred from trust funds held by the System for the benefit of members and beneficiaries. The trust funds include investment earnings, employee contributions, and employer contributions from agencies supported by the General Fund, the Road Fund, Federal Funds, and Restricted Funds.

The budget recommendation provides \$2.7 million in additional restricted funds in fiscal year 2009 to complete the System's Line of Business capital project which began in fiscal year 2007.

General Government
Occupational and Professional Boards and Commissions

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation		20,000	20,000		
Total General Fund		20,000	20,000		
Restricted Funds					
Balance Forward	20,569,800	19,253,900	15,668,700	14,281,900	12,627,800
Current Receipts	18,796,200	18,469,300	18,293,400	18,995,100	18,819,200
Fund Transfers	-5,550,000			-910,000	-760,000
Total Restricted Funds	33,816,000	37,723,200	33,962,100	32,367,000	30,687,000
TOTAL SOURCE OF FUNDS	33,816,000	37,743,200	33,982,100	32,367,000	30,687,000
EXPENDITURES BY CLASS					
Personnel Cost	14,032,600	16,599,500	17,478,400	14,590,400	14,876,200
Operating Expenses	4,637,800	4,724,800	4,699,500	4,472,600	4,407,000
Grants, Loans or Benefits	757,800	674,300	674,300	600,300	600,300
Capital Outlay	105,900	75,900	75,800	75,900	75,800
TOTAL EXPENDITURES	19,534,100	22,074,500	22,928,000	19,739,200	19,959,300
EXPENDITURES BY FUND SOURCE					
General Fund		20,000	20,000		
Restricted Funds	19,534,100	22,054,500	22,908,000	19,739,200	19,959,300
TOTAL EXPENDITURES	19,534,100	22,074,500	22,928,000	19,739,200	19,959,300
EXPENDITURES BY UNIT					
Accountancy	744,200	674,600	697,100	619,200	619,200
Certification of Alcohol and Drug Counselors	67,200	67,200	67,200	67,200	67,200
Architects	362,800	429,000	452,900	375,300	383,400
Certification for Professional Art Therapists	11,400	11,400	11,400	11,400	11,400
Auctioneers	412,700	487,200	486,500	442,800	428,800
Barbering	289,400	326,600	345,300	289,400	289,400
Chiropractic Examiners	218,600	264,800	277,500	241,400	247,800
Dentistry	641,800	705,800	726,900	641,800	641,800
Licensure & Cert. for Dietitians & Nutritionists	77,500	69,600	69,600	69,600	69,600
Embalmers and Funeral Directors	355,600	332,700	351,800	340,000	340,000
Licensure for Prof. Engineers and Land Surveyors	1,411,400	1,605,300	1,681,000	1,411,400	1,411,400
Certification of Fee-Based Pastoral Counselors	3,500	4,300	4,300	3,500	3,500
Registration for Professional Geologists	135,000	135,000	135,000	135,000	135,000
Hairdressers and Cosmetologists	1,074,100	1,250,600	1,305,500	1,117,400	1,143,000
Specialists in Hearing Instruments	61,900	72,700	72,700	52,700	52,700
Interpreters for the Deaf and Hard of Hearing	31,000	31,000	31,000	31,000	31,000
Examiners & Registration of Landscape Architects	56,900	53,800	54,900	63,700	64,300
Licensure of Marriage and Family Therapists	83,200	83,200	83,200	83,200	83,200
Licensure for Massage Therapy	62,800	104,000	104,000	91,500	91,500
Medical Licensure	2,427,400	2,819,000	2,922,700	2,544,800	2,581,100
Nursing	4,805,600	5,616,200	5,907,000	4,929,000	5,023,100
Licensure for Nursing Home Administrators	61,000	47,000	47,000	47,000	47,000
Licensure for Occupational Therapy	86,000	86,000	86,000	86,000	86,000

Ophthalmic Dispensers	62,900	48,700	48,700	48,700	48,700
Optometric Examiners	166,400	189,700	192,200	173,200	170,400
Pharmacy	1,045,000	1,223,200	1,293,000	1,066,400	1,088,200
Physical Therapy	304,300	352,700	364,900	328,600	332,700
Podiatry	21,700	22,000	22,600	22,900	23,200
Private Investigators	64,200	80,000	80,000	80,000	80,000
Licensed Professional Counselors	91,200	126,800	126,800	126,800	126,800
Proprietary Education	164,300	227,200	227,200	172,800	172,800
Examiners of Psychology	191,100	228,500	228,500	191,100	191,100
Real Estate Appraisers	604,200	658,500	679,600	616,400	622,700
Real Estate Commission	2,666,600	2,914,800	3,009,200	2,541,600	2,574,900
Respiratory Care	181,100	204,700	214,100	181,100	181,100
Social Work	145,300	154,200	154,200	145,300	145,300
Speech-Language Pathology and Audiology	107,000	112,200	112,200	112,200	112,200
Veterinary Examiners	237,800	254,300	254,300	237,800	237,800
TOTAL EXPENDITURES	19,534,100	22,074,500	22,928,000	19,739,200	19,959,300

The 38 occupational and professional licensing and regulatory Boards and Commissions were created to safeguard the life, health, safety, and welfare of the people of the Commonwealth who avail themselves of the services licensed or regulated by the Boards. Appointed by the Governor, board members represent both industry and consumer interests.

The general objectives of the Boards and Commissions are: to examine and license all qualified applicants; to enforce the ethical, legal, and professional standards and regulations of the Boards; to ensure compliance with licensure requirements; and to administer the programs of the Boards in an efficient manner. The Boards operate solely from agency receipts.

**General Government
Kentucky River Authority**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,978,800	1,970,100	1,990,300	304,700	1,078,800
Budget Reduction	-9,000				
Salary Compensation Fund	2,900				
Total General Fund	1,972,700	1,970,100	1,990,300	304,700	1,078,800
Restricted Funds					
Balance Forward	1,621,700	849,600	1,404,500	908,800	1,350,100
Current Receipts	1,450,600	5,677,600	5,677,600	4,883,800	4,883,800
Total Restricted Funds	3,072,300	6,527,200	7,082,100	5,792,600	6,233,900
TOTAL SOURCE OF FUNDS	5,045,000	8,497,300	9,072,400	6,097,300	7,312,700
EXPENDITURES BY CLASS					
Personnel Cost	589,800	759,500	811,000	559,000	562,000
Operating Expenses	164,600	185,500	184,900	155,600	155,800
Grants, Loans or Benefits	344,800	340,600	335,100	315,600	310,100
Debt Service	525,000	5,341,000	5,341,000	3,092,000	3,866,000
Capital Outlay	32,000				
Construction	850,000	625,000	250,000	625,000	250,000
TOTAL EXPENDITURES	2,506,200	7,251,600	6,922,000	4,747,200	5,143,900
EXPENDITURES BY FUND SOURCE					
General Fund	342,700	1,970,100	1,990,300	304,700	1,078,800
Restricted Funds	2,163,500	5,281,500	4,931,700	4,442,500	4,065,100
TOTAL EXPENDITURES	2,506,200	7,251,600	6,922,000	4,747,200	5,143,900
EXPENDITURES BY UNIT					
KRA General Operations	1,606,500	882,500	907,700	725,500	723,100
Locks and Dams	525,000	4,399,000	4,024,000	3,717,000	4,116,000
Construction/Maintenance					
Locks and Dams Operations	374,700	1,970,100	1,990,300	304,700	304,800
TOTAL EXPENDITURES	2,506,200	7,251,600	6,922,000	4,747,200	5,143,900

The mission of the Kentucky River Authority is to protect the quality and sufficiency of the water supply in the Kentucky River Basin. The people and businesses in 42 counties depend on the river and its tributaries for clean drinking water, for commercial and industrial uses, and for the generation of electricity. The water supply is maintained in a series of pools behind 14 dams that were originally constructed by the Army Corps of Engineers beginning about 1880. Some of those dams also contain working locks that allow commercial and recreational boat traffic to move up and down the river. The Authority collects a water withdrawal fee from each water utility and business user in the watershed that supports programs which benefit the entire watershed. In addition, a second fee is collected from users who withdraw water from the main stem of the river. Those funds support the lock and dam renovation and reconstruction projects the Authority undertakes from time to time. The Authority also receives a small General Fund appropriation to staff the four operating locks during the summer, when there is considerable recreational activity on the river.

The Authority is created in KRS 151.705 as a public corporation and independent state agency. While administratively attached to the Finance and Administration Cabinet, the Authority is governed by a board that consists of the Secretary of Finance and Administration, the Secretary of Environmental and Public Protection and ten members appointed by the Governor. Those ten include a mayor and a county judge-executive from jurisdictions within the Kentucky River Basin, an

engineer and a water quality expert. The board appoints an executive director and other staff necessary to carry out the responsibilities of the Authority.

The Authority has acquired title to the locks and dams upriver from Frankfort from the Army Corps of Engineers. Dams 1 through 4 between the Ohio River and Frankfort are maintained by the Authority under a long-term lease agreement until such time as the Army declares them to be surplus property.

Policy

The Executive Budget appropriates General Fund debt service \$774,000 in fiscal year 2010 to support \$17.5 million in bond funding for the Kentucky River Locks and Dams Maintenance and Renovations Pool.

Included in the Executive Budget is \$625,000 in fiscal year 2008-2009 and \$250,000 in fiscal year 2009-2010 to provide funding for the Dam 10 project at Boonesboro. These funds will be used to match an anticipated \$1,500,000 federal appropriation for the final design of the Dam 10 reconstruction.

**General Government
School Facilities Construction Commission**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	117,974,500	121,843,100	142,121,400	112,154,400	119,441,200
Total General Fund	117,974,500	121,843,100	142,121,400	112,154,400	119,441,200
TOTAL SOURCE OF FUNDS	117,974,500	121,843,100	142,121,400	112,154,400	119,441,200
EXPENDITURES BY CLASS					
Personnel Cost	242,500	3,328,100	3,343,700	245,000	253,200
Operating Expenses	24,000	25,500	26,000	24,000	24,000
Grants, Loans or Benefits	5,000,000	2,612,000	2,612,000		
Debt Service	104,079,800	115,877,500	136,139,700	111,885,400	119,164,000
TOTAL EXPENDITURES	109,346,300	121,843,100	142,121,400	112,154,400	119,441,200
EXPENDITURES BY FUND SOURCE					
General Fund	109,346,300	121,843,100	142,121,400	112,154,400	119,441,200
TOTAL EXPENDITURES	109,346,300	121,843,100	142,121,400	112,154,400	119,441,200
EXPENDITURES BY UNIT					
School Facilities Construction Commission	109,346,300	121,843,100	142,121,400	112,154,400	119,441,200
TOTAL EXPENDITURES	109,346,300	121,843,100	142,121,400	112,154,400	119,441,200

The School Facilities Construction Commission, created by the 1985 Extraordinary Session of the General Assembly (KRS 157.611 et seq.), exists to assist local school districts with their school building needs. The School Facilities Construction Commission is responsible for the distribution of available state funds to eligible local school districts which have demonstrated a reasonable local effort to provide adequate school facilities but still have unmet building needs. The Commission is empowered to act on behalf of local school districts to issue bonds in the name of the Commission and to enter into lease arrangements with local boards of education to finance construction of new facilities or major renovation of existing school facilities.

Administration of offers of assistance to local school districts made under the auspices of the Kentucky Education Technology System is performed by staff attached to the School Facilities Construction Commission.

Since the inception of the School Facilities Construction Commission, \$3.4 billion in bonds have been sold for school construction.

Policy

The Executive Budget includes additional debt service necessary to fulfill commitments made by previous sessions of the General Assembly in authorizing additional bonded indebtedness and related offers of assistance to local school districts.

The recommended budget includes \$2,531,200 in fiscal year 2008-2009 and \$8,437,500 in fiscal year 2009-2010 for debt service for \$100,000,000 in bonds authorized by the 2006 Regular Session of the General Assembly. Of this amount, \$75 million in bonds are for regular offers of assistance and \$25 million are for Urgent Needs schools. The recommended budget also includes debt service in support of an additional \$50 million bond authorization made by the 2006 Regular Session of the General Assembly targeted for Urgent Needs schools.

The Executive Budget fulfills commitments made by the 2000, 2003 and 2005 Regular Sessions of the General Assembly by including debt service in support of a total of \$300 million in bonded indebtedness used for regular offers of assistance for

construction and renovation projects, and reauthorizing a total of approximately \$55.8 million of the authorized bonded indebtedness not yet utilized by school districts.

The recommended budget also includes debt service in support of approximately \$54.4 million in bonded indebtedness for Category 5 (worst condition schools) projects and reauthorizes approximately \$12 million of that authorized indebtedness not yet utilized by school districts.

Finally, the Executive Budget authorizes \$100,000,000 in new offers of assistance during the 2008-2010 biennium in anticipation of debt service availability during the 2010-2012 biennium.

**General Government
Teachers' Retirement System**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	183,323,100	677,469,400	744,956,800	177,360,200	201,252,600
Total General Fund	183,323,100	677,469,400	744,956,800	177,360,200	201,252,600
Restricted Funds					
Balance Forward	2,211,849				
Non-Revenue Receipts	7,331,651	10,102,600	10,851,000	10,102,600	10,851,000
Total Restricted Funds	9,543,500	10,102,600	10,851,000	10,102,600	10,851,000
TOTAL SOURCE OF FUNDS	192,866,600	687,572,000	755,807,800	187,462,800	212,103,600
EXPENDITURES BY CLASS					
Personnel Cost	7,912,800	8,321,000	8,758,800	8,321,000	8,758,800
Operating Expenses	1,494,700	1,638,700	1,942,200	1,638,700	1,942,200
Grants, Loans or Benefits	183,323,100	482,147,900	512,114,800	177,360,200	201,252,600
Capital Outlay	136,000	142,900	150,000	142,900	150,000
TOTAL EXPENDITURES	192,866,600	492,250,500	522,965,800	187,462,800	212,103,600
EXPENDITURES BY FUND SOURCE					
General Fund	183,323,100	677,469,400	744,956,800	177,360,200	201,252,600
Restricted Funds	9,543,500	10,102,600	10,851,000	10,102,600	10,851,000
TOTAL EXPENDITURES	192,866,600	687,572,000	755,807,800	187,462,800	212,103,600
EXPENDITURES BY UNIT					
Teachers' Retirement System	192,866,600	687,572,000	755,807,800	187,462,800	212,103,600
TOTAL EXPENDITURES	192,866,600	687,572,000	755,807,800	187,462,800	212,103,600

The Teachers' Retirement System, as defined in KRS 161.220-161.716, was established in 1940 to provide a broad program of retirement benefits, death and survivor benefits, medical insurance benefits, and disability benefits to its membership.

Administration of the System is the responsibility of the nine-member Board of Trustees. Two of the members, the Commissioner of Education and the State Treasurer, are ex-officio, serving by reason of their constitutional offices. The members of the Retirement System elect the remaining seven trustees for four-year terms. Four of these must be active members of the Retirement System, one must be a retired member, and two must be persons from outside the teaching profession. The Board of Trustees appoints an Executive Secretary who is responsible for the administration of the affairs of the Retirement System under policies established by the Board. The most important objectives of the Board of Trustees are to maintain a retirement system that is actuarially sound and to maintain member benefits at a level that is comparable with the benefits provided other state employees through the Kentucky Employees' Retirement System and the Social Security System.

Membership is comprised of all persons occupying positions in the public elementary or secondary schools for which certification is required. In addition, staff members of Western Kentucky University, Eastern Kentucky University, Morehead State University, Murray State University, Kentucky State University, professional staff of the Department of Education, Cabinet for Workforce Development, faculty members of the School for the Deaf, the School for the Blind, as well as faculty of the state and area vocational schools are members. Membership is mandatory for all persons teaching in the public schools or other institutions covered by the statutes governing teachers' retirement.

Benefits are financed through member contributions, corresponding contributions by the state, and income accruing from the invested reserves of the system. The General Assembly has set the member and state contribution rate at 9.855 percent of gross salary. University faculty members contribute 8.375 percent of gross salary and the state matches this amount. In

addition, each employer contributes an overmatch of 3.25 percent of gross salary to help reduce the system's unfunded liability. The reserves of the agency are invested in a manner that will provide a reasonable rate of return with major emphasis on the protection of the reserves.

The employer match for Department of Education, the Cabinet for Workforce Development, and university employees is budgeted within the Department, the Cabinet, and the affected universities and is then transferred to the Teachers' Retirement System.

Funding for the employer match on behalf of local school district members is provided as an adjunct to the Support Education Excellence in Kentucky program (SEEK) within the Department of Education.

Policy

The Executive Budget includes sufficient General Fund support to meet the amortized cost of previously enacted cost-of-living adjustments (COLAs) and other benefit improvements for system members.

The recommended budget includes \$5,684,000 in fiscal year 2009 and \$11,965,300 in fiscal year 2010 in General Fund support for initial payments on the amortized cost of increased retirement allowances for those recipients retiring during the 2008-2010 biennium who are eligible to add accrued sick leave to their final year of service.

The enacted budget includes \$41,812,500 in both fiscal year 2009 and fiscal year 2010 in continuing payments for the amortized cost of medical insurance outlays for fiscal years 2005 through 2008.

The Executive Budget also directs a portion of the state-funded employer contribution to be directed to the Retirement System's medical insurance fund to cover projected benefit costs during the 2008-2010 biennium. In fiscal year 2010 an initial payment of \$18,210,700 is provided in support of the amortized cost of medical insurance coverage for recipients during the 2008-10 biennium.

Also included in the recommended budget is \$1,223,800 in fiscal year 2010 for an initial amortization payment to cover the 2008-10 biennial cost of the medical insurance subsidy established in House Bill 1 enacted by the October 2004 Extraordinary Session of the General Assembly.

**General Government
Judgments**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation		2,500,000	2,500,000		
Continuing Appropriation	35,100				
Mandated Allotments	600,000				
Total General Fund	635,100	2,500,000	2,500,000		
TOTAL SOURCE OF FUNDS	635,100	2,500,000	2,500,000		
EXPENDITURES BY CLASS					
Operating Expenses	635,100	2,500,000	2,500,000		
TOTAL EXPENDITURES	635,100	2,500,000	2,500,000		
EXPENDITURES BY FUND SOURCE					
General Fund	635,100	2,500,000	2,500,000		
TOTAL EXPENDITURES	635,100	2,500,000	2,500,000		

The fiscal year 2007-2008 appropriation includes contingent liabilities and judgments identified by the Office of the Controller in the Finance and Administration Cabinet. The timing of payments of judgments is dependent on many factors beyond the control of the Commonwealth. Therefore, it is essential that any funds remaining at the end of fiscal year 2007-2008 and fiscal year 2008-2009 shall not lapse but be allowed to continue into subsequent fiscal years. Should any other Appropriations Not Otherwise Classified account have an insufficient appropriation in fiscal biennium 2008-2010, any unneeded funds in this account may be used before any allocations are made from either the General Fund Surplus or the Budget Reserve Trust Fund. Any additional judgments or contingent liabilities for fiscal biennium 2008-2010, beyond the amount recommended, will be paid from the General Fund Surplus Account (unappropriated surplus) or the Budget Reserve Trust Fund, if necessary.

General Government
Appropriations Not Otherwise Classified

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	3,917,500	12,267,500	12,267,500	12,267,500	12,267,500
Mandated Allotments	8,350,000				
Total General Fund	12,267,500	12,267,500	12,267,500	12,267,500	12,267,500
TOTAL SOURCE OF FUNDS	12,267,500	12,267,500	12,267,500	12,267,500	12,267,500
EXPENDITURES BY CLASS					
Personnel Cost	285,000	285,000	285,000	285,000	285,000
Operating Expenses	11,980,000	11,980,000	11,980,000	11,980,000	11,980,000
Grants, Loans or Benefits	2,500	2,500	2,500	2,500	2,500
TOTAL EXPENDITURES	12,267,500	12,267,500	12,267,500	12,267,500	12,267,500
EXPENDITURES BY FUND SOURCE					
General Fund	12,267,500	12,267,500	12,267,500	12,267,500	12,267,500
TOTAL EXPENDITURES	12,267,500	12,267,500	12,267,500	12,267,500	12,267,500
EXPENDITURES BY UNIT					
Attorney General Expense	225,000	225,000	225,000	225,000	225,000
Board of Claims Award	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Guardian Ad Litem	7,600,000	7,600,000	7,600,000	7,600,000	7,600,000
Prior Year Claims	400,000	400,000	400,000	400,000	400,000
Unredeemed Checks Refunded	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Involuntary Commitments-ICF/MR	60,000	60,000	60,000	60,000	60,000
Frankfort In Lieu of Taxes	195,000	195,000	195,000	195,000	195,000
Frankfort Cemetery	2,500	2,500	2,500	2,500	2,500
Survivor Benefits	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Med Malpractice Liability Ins Reimb	185,000	185,000	185,000	185,000	185,000
Blanket Employee Bonds	100,000	100,000	100,000	100,000	100,000
TOTAL EXPENDITURES	12,267,500	12,267,500	12,267,500	12,267,500	12,267,500

Appropriations Not Otherwise Classified (ANOC) are appropriations not related to particular programs. Each item within this category has been given program status so that expenditures can be budgeted and accounted for separately. It includes such items as Attorney General expenses for defending employees of the Commonwealth and prior year claims for legal obligations of the Commonwealth. Any expenditure for costs of items included within this classification over the amounts appropriated is to be paid from the General Fund Surplus account or the Budget Reserve Trust Fund as a Necessary Government Expense.

Commerce

Commerce

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	61,572,500	103,176,750	120,025,050	51,908,900	53,375,800
Current Year Appropriation	5,000,000	38,600	38,600		
Budget Reduction	-2,695,900				
Salary Compensation Fund	1,431,400				
Base Deduction	-99,600				
Total General Fund	65,208,400	103,215,350	120,063,650	51,908,900	53,375,800
Restricted Funds					
Balance Forward	54,072,100	49,916,400	40,278,600	53,213,900	42,397,700
Current Receipts	148,672,300	149,066,500	151,361,100	140,219,200	139,355,100
Non-Revenue Receipts	-135,300	2,940,900	1,441,100	2,599,800	1,100,000
Fund Transfers	-3,465,800			-10,000,000	
Total Restricted Funds	199,143,300	201,923,800	193,080,800	186,032,900	182,852,800
Federal Funds					
Balance Forward	7,427,500	7,363,400	5,300,000	9,060,000	8,637,700
Current Receipts	13,930,900	15,414,200	15,872,000	13,403,400	13,278,700
Non-Revenue Receipts		-500,000	-500,000	-500,000	-500,000
Total Federal Funds	21,358,400	22,277,600	20,672,000	21,963,400	21,416,400
Road Fund					
Regular Appropriation				490,000	495,000
Total Road Fund				490,000	495,000
TOTAL SOURCE OF FUNDS	285,710,100	327,416,750	333,816,450	260,395,200	258,140,000
EXPENDITURES BY CLASS					
Personnel Cost	133,068,100	175,348,500	180,773,600	132,858,300	135,297,900
Operating Expenses	61,852,700	69,663,500	70,569,900	58,734,300	58,469,700
Grants, Loans or Benefits	16,655,300	19,593,150	16,723,550	12,514,500	12,314,800
Debt Service	10,649,400	14,225,400	26,011,100	4,424,400	5,666,400
Capital Outlay	828,300	2,907,600	2,324,800	828,300	828,300
TOTAL EXPENDITURES	223,053,800	281,738,150	296,402,950	209,359,800	212,577,100
EXPENDITURES BY FUND SOURCE					
General Fund	64,826,000	103,115,350	119,617,650	51,908,900	53,375,800
Restricted Funds	145,929,400	161,645,200	159,384,200	143,635,200	145,267,000
Federal Funds	12,298,400	16,977,600	17,401,100	13,325,700	13,439,300
Road Fund				490,000	495,000
TOTAL EXPENDITURES	223,053,800	281,738,150	296,402,950	209,359,800	212,577,100
EXPENDITURES BY UNIT					
Secretary	4,172,700	5,240,300	5,363,400	3,810,800	3,909,400
Artisans Center	2,465,700	2,942,700	2,923,200	2,492,800	2,503,900
Tourism	14,628,300	27,481,500	19,355,800	14,478,900	14,401,700
Parks	93,266,700	105,004,000	124,082,500	87,003,500	87,862,500
Horse Park Commission	11,930,900	13,962,500	12,254,100	8,648,300	8,771,100
State Fair Board	39,347,700	50,902,300	52,572,500	38,804,400	39,526,000
Fish and Wildlife Resources	37,875,800	50,887,600	53,552,300	38,185,000	39,571,200
Historical Society	9,227,500	10,351,900	10,703,400	7,911,200	8,061,700
Arts Council	5,821,300	7,203,900	7,140,500	4,791,500	4,752,200
Heritage Council	3,052,800	4,847,600	4,782,000	2,120,700	2,104,700
Kentucky Center for the Arts	1,264,400	2,913,850	3,673,250	1,112,700	1,112,700
TOTAL EXPENDITURES	223,053,800	281,738,150	296,402,950	209,359,800	212,577,100

Executive Order 2003-064, ratified by the 2005 Regular Session of the General Assembly, created the Commerce Cabinet by combining the former Tourism Development Cabinet and elements of the Education, Arts and Humanities Cabinet. The Commerce Cabinet's mission (KRS 148.522) is to capitalize on the natural assets of the Commonwealth and draw from resources in business development, tourism, outdoor attractions, arts, and cultural heritage. Through unified efforts of its agencies, the Cabinet will continually strive to improve the quality of life of the people of Kentucky by creating new wealth and generating jobs.

Executive Order 2003-064 transferred the following entities from the Education, Arts, and Humanities Cabinet to the Commerce Cabinet:

- The Kentucky Arts Council
- The Kentucky Historical Society
- The Kentucky Center for the Arts
- The Kentucky Craft Marketing program
- The Governor's School for the Arts
- The Kentucky African-American Heritage Commission
- The Kentucky Heritage Council
- The Kentucky Humanities Council

Executive Order 2003-064 also transferred the following entities from the Governor's Office to the Commerce Cabinet:

- The Kentucky Coal Council and the Office of Coal Marketing and Export
- The Commission on Small Business Advocacy

Subsequent to the original reorganization, Executive Order 2004-723 transferred the following entities from the Finance and Administration Cabinet to the Commerce Cabinet:

- Capital Plaza Operations
- Creative Services

Each of the above Executive Orders was ratified in the 2005 Regular Session of the General Assembly by Senate Bill 40. Within Senate Bill 40, the Commission on Small Business Advocacy was transferred to the Economic Development Cabinet. Also added by Senate Bill 40 and attached to the Office of the Secretary's appropriation unit was the Office of Energy Policy. The old Division of Energy within the Environmental and Public Protection Cabinet was transferred to this new office by Senate Bill 41. In addition, Senate Bill 65 created the Kentucky Sports Authority and attached it to the Office of the Secretary's appropriation unit.

**Commerce
Secretary**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	3,114,000	4,136,000	4,252,000	2,793,700	2,862,700
Budget Reduction	-69,000				
Salary Compensation Fund	18,800				
Total General Fund	3,063,800	4,136,000	4,252,000	2,793,700	2,862,700
Restricted Funds					
Balance Forward	322,100	322,100	280,700	352,700	398,500
Current Receipts	1,062,900	1,062,900	1,062,900	1,062,900	1,062,900
Fund Transfers	-10,000				
Total Restricted Funds	1,375,000	1,385,000	1,343,600	1,415,600	1,461,400
TOTAL SOURCE OF FUNDS	4,438,800	5,521,000	5,595,600	4,209,300	4,324,100
EXPENDITURES BY CLASS					
Personnel Cost	2,915,700	3,875,400	4,163,500	3,011,900	3,110,500
Operating Expenses	698,600	634,500	634,500	739,900	735,600
Grants, Loans or Benefits	552,400	552,400	552,400	53,000	57,300
Capital Outlay	6,000	178,000	13,000	6,000	6,000
TOTAL EXPENDITURES	4,172,700	5,240,300	5,363,400	3,810,800	3,909,400
EXPENDITURES BY FUND SOURCE					
General Fund	3,150,400	4,136,000	4,252,000	2,793,700	2,862,700
Restricted Funds	1,022,300	1,104,300	1,111,400	1,017,100	1,046,700
TOTAL EXPENDITURES	4,172,700	5,240,300	5,363,400	3,810,800	3,909,400
EXPENDITURES BY UNIT					
Executive Policy and Management	2,593,900	2,801,100	2,951,600	2,237,000	2,291,200
Capital Plaza Operations	696,700	1,031,000	1,082,800	715,100	735,500
Creative Services	882,100	1,408,200	1,329,000	858,700	882,700
TOTAL EXPENDITURES	4,172,700	5,240,300	5,363,400	3,810,800	3,909,400

Executive Order 2003-064, which was ratified by the 2005 Regular Session of the General Assembly, created the Commerce Cabinet by combining the former Tourism Development Cabinet and elements of the Education, Arts and Humanities Cabinet. The Office of the Secretary of the Commerce Cabinet coordinates the various agencies within the Cabinet.

The 2005 General Assembly took the following actions:

- Senate Bill 40 added and attached to the Office of the Secretary's appropriation unit the Office of Energy Policy. The old Division of Energy within the Environmental and Public Protection Cabinet was transferred to this new Office by Senate Bill 41. (The Office of Energy Policy was a separate appropriation unit in fiscal biennium 2006-2008.) This office was subsequently transferred to the Governor's Office in 2007.
- Senate Bill 65 created the Kentucky Sports Authority and attached it to the Office of the Secretary's appropriation unit. Although this was attached to the Office of the Secretary, the funding was provided by the Department of Tourism.
- The Creative Services and the Capital Plaza Operations programs were transferred from the Finance and Administration Cabinet to the Commerce Cabinet, Office of the Secretary, by Senate Bill 40.

- The Commission on Small Business Advocacy was transferred from the Governor's Office to the Commerce Cabinet's Office of the Secretary by Executive Order 2003-064. Subsequent to the Executive Order, this Office was transferred to the Economic Development Cabinet by Senate Bill 40.

Executive Order 2005-576 moved grants to the Mountain Arts Center, the Blue Apple Players, and the Martin Luther King Commission from the Education Cabinet to the Commerce Cabinet, Office of the Secretary.

Executive Policy and Management - The Executive Policy and Management unit directs planning and management of the agencies within the Cabinet. This program develops plans to assure orderly growth and improved management, recommends executive actions and legislative measures, and evaluates agency budget requests.

Creative Services - The Creative Services program performs a range of creative and productive services for agencies in state government, including audio and video production, graphic design, multimedia event services, and photography.

Frankfort Convention Center - The Frankfort Convention Center serves as both a small and large meeting facility, containing a 10,000 square foot arena with fixed seating space of 5,365. The large arena facility attendance for fiscal year 2006 was approximately 170,000 persons attending various functions, such as legislative events, private parties, basketball tournaments, athletic events, graduations, and university events. The small meeting facility space contains 1,575 square feet for governmental or business conference functions.

The Frankfort Convention Center also manages over 57,000 square feet of rental space for 10 state agencies and eight private businesses.

**Commerce
Artisans Center**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	156,200	719,000	699,500	358,200	358,200
Salary Compensation Fund	34,900				
Total General Fund	191,100	719,000	699,500	358,200	358,200
Restricted Funds					
Balance Forward	189,800	212,900	114,600	190,600	190,300
Current Receipts	1,784,300	1,784,300	1,784,300	1,784,300	1,784,300
Non-Revenue Receipts	491,100	341,100	341,100		
Total Restricted Funds	2,465,200	2,338,300	2,240,000	1,974,900	1,974,600
Road Fund					
Regular Appropriation				350,000	350,000
Total Road Fund				350,000	350,000
TOTAL SOURCE OF FUNDS	2,656,300	3,057,300	2,939,500	2,683,100	2,682,800
EXPENDITURES BY CLASS					
Personnel Cost	1,302,300	1,457,000	1,552,500	1,302,300	1,313,400
Operating Expenses	1,163,400	1,370,700	1,370,700	1,190,500	1,190,500
Capital Outlay		115,000			
TOTAL EXPENDITURES	2,465,700	2,942,700	2,923,200	2,492,800	2,503,900
EXPENDITURES BY FUND SOURCE					
General Fund	191,100	719,000	699,500	358,200	358,200
Restricted Funds	2,274,600	2,223,700	2,223,700	1,784,600	1,795,700
Road Fund				350,000	350,000
TOTAL EXPENDITURES	2,465,700	2,942,700	2,923,200	2,492,800	2,503,900
EXPENDITURES BY UNIT					
Berea Artisans Center	2,465,700	2,942,700	2,923,200	2,492,800	2,503,900
TOTAL EXPENDITURES	2,465,700	2,942,700	2,923,200	2,492,800	2,503,900

The Kentucky Artisans Center at Berea is established to promote Kentucky arts and craft products and, serving as a unique gateway for travelers, offers quality Kentucky arts, crafts, music, and other artisan products, along with authentic heritage experiences. The Artisan Center purchases for resale over 4,000 different artisan products from over 650 vendors in 90 counties statewide. Hospitality, retail food, and rest stop services are also provided by the Center for over 350,000 visitors.

The Appalachian/Kentucky Artisans Gateway Center Authority (KRS 148.560-569) has an appointed, thirteen member board to direct operations of the Center and is attached to the Commerce Cabinet for administrative purposes.

**Commerce
Tourism**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	7,176,500	12,420,200	10,125,800	4,368,400	4,368,400
Budget Reduction	-2,169,900				
Salary Compensation Fund	71,100				
Base Deduction	-99,600				
Total General Fund	4,978,100	12,420,200	10,125,800	4,368,400	4,368,400
Restricted Funds					
Balance Forward	6,212,300	5,831,300		3,984,500	3,104,000
Current Receipts	30,000	30,000	30,000	30,000	30,000
Non-Revenue Receipts	10,533,600	9,200,000	9,200,000	9,200,000	9,200,000
Fund Transfers	-3,141,200				
Total Restricted Funds	13,634,700	15,061,300	9,230,000	13,214,500	12,334,000
TOTAL SOURCE OF FUNDS	18,612,800	27,481,500	19,355,800	17,582,900	16,702,400
EXPENDITURES BY CLASS					
Personnel Cost	7,125,700	16,816,500	11,379,100	7,334,900	7,442,400
Operating Expenses	1,433,100	2,147,500	1,959,200	1,012,500	827,800
Grants, Loans or Benefits	6,069,500	8,517,500	6,017,500	6,131,500	6,131,500
TOTAL EXPENDITURES	14,628,300	27,481,500	19,355,800	14,478,900	14,401,700
EXPENDITURES BY FUND SOURCE					
General Fund	4,978,100	12,420,200	10,125,800	4,368,400	4,368,400
Restricted Funds	9,650,200	15,061,300	9,230,000	10,110,500	10,033,300
TOTAL EXPENDITURES	14,628,300	27,481,500	19,355,800	14,478,900	14,401,700
EXPENDITURES BY UNIT					
Executive Policy and Management	1,045,200	1,441,100	1,503,800	885,800	902,400
Tourism Services	2,015,800	2,828,300	2,940,200	1,905,900	1,963,900
Marketing and Advertising	1,880,400	7,325,900	4,766,400	1,300,400	1,145,700
Sports Authority	396,000	937,200	945,400	380,900	383,800
Marketing/Development Coal Counties	643,000	1,935,600	1,000,000	1,000,000	1,000,000
Convention/Meeting	8,647,900	13,013,400	8,200,000	9,005,900	9,005,900
TOTAL EXPENDITURES	14,628,300	27,481,500	19,355,800	14,478,900	14,401,700

The Department of Tourism was created to promote, develop, and provide support services for the tourism industry within the Commonwealth.

Executive Policy and Management - The Executive Policy and Management program establishes the policies and goals; coordinates the overall planning, management, and direction for the agency; and provides for the efficient administration of the Department and its programs.

Tourism Services - The Tourism Services Division operates highway welcome centers in Florence, Franklin, Grayson, Hopkinsville, Paducah, Simpsonville, Shepherdsville, and Williamsburg, along with the State Capitol welcome center desk in Frankfort; generates sales revenue to Kentucky's tourism industry through trade show participation and pursuit of group, commercial, and individual markets; and disseminates tourism information to tourists and potential visitors via a telephone system, direct mail, and the welcome centers. The goal of the Tourism Services Division is to conduct a comprehensive travel promotion campaign and to serve Kentucky's private sector tourism industry. This program also markets and promotes Kentucky to the film industry to attract television and feature movie productions to the state.

Marketing and Advertising - The Marketing and Advertising Division develops and coordinates state tourism advertising and tourism media placement, coordinates and produces tourism brochures and sales promotion materials, assists non-profit private sector groups with advertising and promotion costs through matching funds and cooperative advertising programs, develops and maintains the department's website (www.kentuckytourism.com), and develops and maintains a marketing and research data base on Kentucky's tourism industry. The goal of this program is to develop, coordinate, and maintain a comprehensive advertising campaign to promote Kentucky as a tourism destination.

The Tourism, Meeting, and Convention Marketing Fund is established by KRS 142.406 with revenues from a one percent transient room tax dedicated for the sole purpose of marketing and promoting tourism in the Commonwealth, including expenditures to market and promote events and venues related to meetings, conventions, trade shows, cultural activities, historical sites, recreation, entertainment, natural phenomena, areas of scenic beauty, craft marketing, and any other economic activity that brings tourists and visitors to the Commonwealth. This new fund shall not support expenditures on capital construction projects.

Marketing and development activities in coal producing counties are provided for through the Coal Severance Fund, pursuant to KRS 42.4592, which receives annual coal severance tax receipts. Allocations to coal counties are intended to supplement local tourism budgets that are deficient in tourism infrastructure. The Kentucky Recreational Trails Authority, administratively attached to the Department of Tourism, is directed to enhance the Kentucky economy through expanded tourism opportunities for motorized and non-motorized off-road trail activities, which are opportunities available in the coal producing counties.

Sports Authority - The Kentucky Sports Authority, established pursuant to KRS 148.590, has a fourteen member board with the primary responsibility to recruit, promote, assist, place, and develop sporting events, facilities, and programs throughout the Commonwealth, with the final goal of developing the economy, commerce, job opportunities, and revenue streams. The Kentucky Sports Authority has been very successful with recruiting events like Dew Action Sports, Bassmaster Tournaments, and the National Senior games to the Commonwealth.

Policy

The Executive Budget provides Restricted Funds of \$1,000,000 in each fiscal year of the 2008-2010 biennium for tourism marketing and development on behalf of coal producing counties. The agency receipts originate from the calculations for the Local Government Economic Development Fund, Multi-county Fund.

The Executive Budget provides General Fund resources of \$50,000 in each fiscal year of the 2008-2010 biennium for grants to the Bluegrass State Games.

Commerce

Parks

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	31,145,400	47,146,900	66,424,200	30,045,900	30,664,900
Current Year Appropriation	5,000,000				
Salary Compensation Fund	1,164,700				
Total General Fund	37,310,100	47,146,900	66,424,200	30,045,900	30,664,900
Restricted Funds					
Balance Forward		151,100	152,200	157,100	1,057,700
Current Receipts	56,486,700	57,858,400	57,679,600	57,858,400	57,679,600
Non-Revenue Receipts		-200		-200	
Total Restricted Funds	56,486,700	58,009,300	57,831,800	58,015,300	58,737,300
TOTAL SOURCE OF FUNDS	93,796,800	105,156,200	124,256,000	88,061,200	89,402,200
EXPENDITURES BY CLASS					
Personnel Cost	58,109,800	71,617,200	76,058,500	57,468,200	57,932,500
Operating Expenses	32,171,800	33,056,800	33,076,300	29,344,200	29,119,900
Grants, Loans or Benefits	191,100	300,000	350,000	191,100	191,100
Debt Service	2,794,000		14,567,700		619,000
Capital Outlay		30,000	30,000		
TOTAL EXPENDITURES	93,266,700	105,004,000	124,082,500	87,003,500	87,862,500
EXPENDITURES BY FUND SOURCE					
General Fund	36,937,100	47,146,900	66,424,200	30,045,900	30,664,900
Restricted Funds	56,329,600	57,857,100	57,658,300	56,957,600	57,197,600
TOTAL EXPENDITURES	93,266,700	105,004,000	124,082,500	87,003,500	87,862,500
EXPENDITURES BY UNIT					
General Administration and Support	13,397,800	13,231,600	28,517,600	10,701,600	11,418,300
Resort Parks	59,027,000	67,393,700	70,226,500	57,510,600	57,401,500
Recreation Parks and Historic Sites	18,726,000	21,951,000	22,784,700	16,655,500	16,876,400
Cafeterias	1,924,800	2,177,700	2,253,700	1,944,700	1,975,200
Breaks Interstate Park	191,100	250,000	300,000	191,100	191,100
TOTAL EXPENDITURES	93,266,700	105,004,000	124,082,500	87,003,500	87,862,500

The Department of Parks administers and operates the Kentucky State Park System under the authority of KRS Chapter 148. The Department strives to provide quality recreational facilities and to preserve and protect historically significant sites and natural phenomena in the Commonwealth of Kentucky.

The activities of the Department include the operation and maintenance of 17 resort parks, 24 recreational parks, 11 historic sites, one interstate park, one historic inn, and the three cafeterias in Frankfort. The Park System provides overnight lodging to 442,000 guests, food service for 1,245,000 meals for dining patrons, camping for 470,000 guests, golfing for 222,000 players, along with other park amenities and activities.

Commerce

Parks

General Administration and Support

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	13,505,400	12,890,200	28,176,200	10,360,200	11,076,900
Total General Fund	13,505,400	12,890,200	28,176,200	10,360,200	11,076,900
Restricted Funds					
Balance Forward		1,200	800	1,200	800
Current Receipts	140,000	100,000	120,000	100,000	120,000
Non-Revenue Receipts	126,600	241,000	221,000	241,000	221,000
Total Restricted Funds	266,600	342,200	341,800	342,200	341,800
TOTAL SOURCE OF FUNDS	13,772,000	13,232,400	28,518,000	10,702,400	11,418,700
EXPENDITURES BY CLASS					
Personnel Cost	7,994,900	10,285,400	11,003,700	8,119,000	8,429,500
Operating Expenses	2,608,900	2,946,200	2,946,200	2,582,600	2,369,800
Debt Service	2,794,000		14,567,700		619,000
TOTAL EXPENDITURES	13,397,800	13,231,600	28,517,600	10,701,600	11,418,300
EXPENDITURES BY FUND SOURCE					
General Fund	13,132,400	12,890,200	28,176,200	10,360,200	11,076,900
Restricted Funds	265,400	341,400	341,400	341,400	341,400
TOTAL EXPENDITURES	13,397,800	13,231,600	28,517,600	10,701,600	11,418,300

The General Administration and Support program provides an organizational and administrative system to maintain and operate the 57 park system entities. Central administrative functions, such as accounting, purchasing, budgeting, and personnel, along with central maintenance and minor construction support, are included in this program.

All currently authorized General Fund debt service costs are budgeted in the Finance and Administration Cabinet in the 2008-2010 biennium.

Policy

The Executive Budget provides additional General Fund resources of \$354,000 in fiscal year 2009-2010 for debt service related to the capital budget recommendation of \$8,000,000 in fiscal year 2008-2009 for the Parks Renovation Pool.

The Executive Budget provides General Fund resources of \$265,000 in fiscal year 2009-2010 for debt service related to the capital budget recommendation of \$4,000,000 in fiscal year 2008-2009 for the Parks Maintenance Pool.

**Commerce
Parks
Resort Parks**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	10,755,100	21,763,000	24,594,600	12,244,500	12,115,200
Current Year Appropriation	3,667,000				
Total General Fund	14,422,100	21,763,000	24,594,600	12,244,500	12,115,200
Restricted Funds					
Balance Forward		125,500	107,700	125,500	472,300
Current Receipts	45,857,000	46,846,800	46,848,000	46,846,800	46,848,000
Non-Revenue Receipts	-1,126,600	-1,233,900	-1,213,700	-1,233,900	-1,213,700
Total Restricted Funds	44,730,400	45,738,400	45,742,000	45,738,400	46,106,600
TOTAL SOURCE OF FUNDS	59,152,500	67,501,400	70,336,600	57,982,900	58,221,800
EXPENDITURES BY CLASS					
Personnel Cost	36,379,900	45,029,200	47,842,500	36,554,100	36,360,400
Operating Expenses	22,647,100	22,284,500	22,304,000	20,956,500	21,041,100
Grants, Loans or Benefits		50,000	50,000		
Capital Outlay		30,000	30,000		
TOTAL EXPENDITURES	59,027,000	67,393,700	70,226,500	57,510,600	57,401,500
EXPENDITURES BY FUND SOURCE					
General Fund	14,422,100	21,763,000	24,594,600	12,244,500	12,115,200
Restricted Funds	44,604,900	45,630,700	45,631,900	45,266,100	45,286,300
TOTAL EXPENDITURES	59,027,000	67,393,700	70,226,500	57,510,600	57,401,500

The Resort Parks program encourages tourism and economic development in Kentucky by providing excellent overnight accommodations, quality food service, and recreational activities for visitors at the 17 resort parks and one historic inn. The resort parks and their locations are:

Barren River Resort Park - Barren County
 Benham School House Inn - Harlan County
 Blue Licks Battlefield State Park - Robertson County
 Buckhorn Lake Resort Park - Perry County
 Carter Caves Resort Park - Carter County
 Cumberland Falls Resort Park - Whitley County
 Dale Hollow Resort Park - Cumberland and Clinton Counties
 General Butler Resort Park - Carroll County
 Greenbo Lake Resort Park - Greenup County
 Jenny Wiley Resort Park - Floyd County

Kenlake Resort Park - Marshall County
 Kentucky Dam Village Resort Park - Marshall County
 Lake Barkley Resort Park - Trigg County
 Lake Cumberland Resort Park - Russell County
 Natural Bridge Resort Park - Powell County
 Pennyrile Forest Resort Park - Christian County
 Pine Mountain Resort Park - Bell County
 Rough River Resort Park - Grayson County

Commerce

Parks

Recreation Parks and Historic Sites

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	6,479,400	11,804,900	12,838,600	7,035,700	7,067,300
Current Year Appropriation	1,333,000				
Salary Compensation Fund	1,164,700				
Total General Fund	8,977,100	11,804,900	12,838,600	7,035,700	7,067,300
Restricted Funds					
Balance Forward					526,300
Current Receipts	8,748,900	9,153,400	8,953,400	9,153,400	8,953,400
Non-Revenue Receipts	1,000,000	992,700	992,700	992,700	992,700
Total Restricted Funds	9,748,900	10,146,100	9,946,100	10,146,100	10,472,400
TOTAL SOURCE OF FUNDS	18,726,000	21,951,000	22,784,700	17,181,800	17,539,700
EXPENDITURES BY CLASS					
Personnel Cost	12,835,000	15,161,900	15,995,600	11,875,200	12,192,200
Operating Expenses	5,891,000	6,789,100	6,789,100	4,780,300	4,684,200
TOTAL EXPENDITURES	18,726,000	21,951,000	22,784,700	16,655,500	16,876,400
EXPENDITURES BY FUND SOURCE					
General Fund	8,977,100	11,804,900	12,838,600	7,035,700	7,067,300
Restricted Funds	9,748,900	10,146,100	9,946,100	9,619,800	9,809,100
TOTAL EXPENDITURES	18,726,000	21,951,000	22,784,700	16,655,500	16,876,400

The Recreation Parks and Historic Sites program encourages tourism and economic development in Kentucky by providing modern recreational and camping facilities and preserving significant scenic and historic landmarks, as well as operating museums and shrines.

Recreation Park Facilities

- | | |
|--|---|
| Ben Hawes State Park - Daviess County | Kingdom Come State Park - Harlan County |
| Big Bone Lick State Park - Boone County | Lake Malone State Park - Muhlenberg County |
| Carr Creek State Park - Knott County | Levi Jackson Wilderness Road State Park - Laurel County |
| Columbus-Belmont Battlefield State Park - Hickman County | Lincoln Homestead State Park - Washington County |
| E. P. "Tom" Sawyer State Park - Jefferson County | Mineral Mound State Park - Lyon County |
| Fish Trap Lake State Park - Pike County | My Old Kentucky Home State Park - Nelson County |
| Fort Boonesborough State Park - Madison County | Nolin Lake State Park - Edmonson County |
| General Burnside State Park - Pulaski County | Old Fort Harrod State Park - Mercer County |
| Grayson Lake State Park - Elliott and Carter Counties | Paintsville Lake State Park - Johnson County |
| Green River Lake State Park - Taylor County | Pine Mountain Trail State Park - Harlan & Bell Counties |
| John James Audubon State Park - Henderson County | Taylorsville Lake State Park - Spencer County |
| Kincaid Lake State Park - Pendleton County | Yatesville Lake State Park - Lawrence County |

Historic Sites

- | | |
|---|---|
| Boone Station - Fayette County | Old Mulkey Meeting House State Shrine - Monroe County |
| Constitution Square State Shrine - Boyle County | Perryville Battlefield State Shrine - Boyle County |
| Dr. Thomas Walker State Shrine - Knox County | Waveland State Shrine - Fayette County |
| Isaac Shelby State Shrine - Lincoln County | White Hall State Shrine - Madison County |
| Jefferson Davis Monument State Shrine - Todd County | Wickliffe Mounds State Historic Site - Ballard County |
| | William Whitley House State Shrine - Lincoln County |

**Commerce
Parks
Cafeterias**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	214,400	438,800	514,800	214,400	214,400
Total General Fund	214,400	438,800	514,800	214,400	214,400
Restricted Funds					
Balance Forward		24,400	43,700	30,400	58,300
Current Receipts	1,740,800	1,758,200	1,758,200	1,758,200	1,758,200
Total Restricted Funds	1,740,800	1,782,600	1,801,900	1,788,600	1,816,500
TOTAL SOURCE OF FUNDS	1,955,200	2,221,400	2,316,700	2,003,000	2,030,900
EXPENDITURES BY CLASS					
Personnel Cost	900,000	1,140,700	1,216,700	919,900	950,400
Operating Expenses	1,024,800	1,037,000	1,037,000	1,024,800	1,024,800
TOTAL EXPENDITURES	1,924,800	2,177,700	2,253,700	1,944,700	1,975,200
EXPENDITURES BY FUND SOURCE					
General Fund	214,400	438,800	514,800	214,400	214,400
Restricted Funds	1,710,400	1,738,900	1,738,900	1,730,300	1,760,800
TOTAL EXPENDITURES	1,924,800	2,177,700	2,253,700	1,944,700	1,975,200

The Cafeteria program provides food service in the Capitol Annex, Transportation building, and the Health and Family Services building for members of the General Assembly, state employees, and visitors to the state offices in Frankfort. The cafeterias also provide catering service for special local events. The cafeterias generated sales of approximately \$ 1,677,000 in fiscal year 2006-2007.

**Commerce
Parks
Breaks Interstate Park**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	191,100	250,000	300,000	191,100	191,100
Total General Fund	191,100	250,000	300,000	191,100	191,100
TOTAL SOURCE OF FUNDS	191,100	250,000	300,000	191,100	191,100
EXPENDITURES BY CLASS					
Grants, Loans or Benefits	191,100	250,000	300,000	191,100	191,100
TOTAL EXPENDITURES	191,100	250,000	300,000	191,100	191,100
EXPENDITURES BY FUND SOURCE					
General Fund	191,100	250,000	300,000	191,100	191,100
TOTAL EXPENDITURES	191,100	250,000	300,000	191,100	191,100

Breaks Interstate Park, created by KRS 148.220 in 1954 by joint action of the Kentucky and Virginia legislatures, is governed by the Breaks Interstate Park Commission. The Commission is composed of three members from each state appointed by their respective governors. Kentucky provides financial support for the park in the form of a grant to the Commission.

The park, which contains 4,500 acres of woodlands, mountains, and the largest canyon east of the Mississippi River, attracts approximately 380,000 visitors each year. Breaks Interstate Park provides recreation for the people of Kentucky and Virginia in an area where recreational opportunities are limited.

**Commerce
Horse Park Commission**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	5,034,200	7,006,000	4,857,600	1,448,200	1,448,200
Budget Reduction	-50,000				
Salary Compensation Fund	60,500				
Total General Fund	5,044,700	7,006,000	4,857,600	1,448,200	1,448,200
Restricted Funds					
Balance Forward	588,500	588,500	588,500	433,800	190,200
Current Receipts	6,771,500	6,956,500	7,396,500	6,956,500	7,396,500
Fund Transfers	-40,000				
Total Restricted Funds	7,320,000	7,545,000	7,985,000	7,390,300	7,586,700
TOTAL SOURCE OF FUNDS	12,364,700	14,551,000	12,842,600	8,838,500	9,034,900
EXPENDITURES BY CLASS					
Personnel Cost	5,046,100	6,502,500	7,600,700	5,182,400	5,292,700
Operating Expenses	3,459,800	3,873,000	4,438,400	3,439,900	3,452,400
Debt Service	3,399,000	3,522,000	139,000		
Capital Outlay	26,000	65,000	76,000	26,000	26,000
TOTAL EXPENDITURES	11,930,900	13,962,500	12,254,100	8,648,300	8,771,100
EXPENDITURES BY FUND SOURCE					
General Fund	5,044,700	7,006,000	4,857,600	1,448,200	1,448,200
Restricted Funds	6,886,200	6,956,500	7,396,500	7,200,100	7,322,900
TOTAL EXPENDITURES	11,930,900	13,962,500	12,254,100	8,648,300	8,771,100
EXPENDITURES BY UNIT					
Kentucky Horse Park	11,930,900	13,962,500	12,254,100	8,648,300	8,771,100
TOTAL EXPENDITURES	11,930,900	13,962,500	12,254,100	8,648,300	8,771,100

The Kentucky Horse Park (KRS 148.250) is comprised of 1,224 acres on which are situated over 110 structures, 34 miles of fencing and 260 campsites. Horse Park programs consist primarily of four main functions:

Equine Theme Park-The central area of the park contains tourist activities that include the Visitor Information Center, International Museum of the Horse, gift shop, restaurant, Parade of Breeds and Hall of Champions shows, horseback riding, horse drawn tours, and other activities. Approximately 150,000 people visit annually generating \$3.1million in revenue.

Events-The Horse Park is the host venue for both equine and non-equine special events. Horse shows are central to the mission of the park and comprise the majority of special event activities. Sixty annual equine events utilize 21 pole barns (1,086 stalls), a 1,200 seat covered arena, show office complex, six hunter-jumper rings, five dressage rings, a 7,800-yard cross country course, steeplechase course, and other ancillary structures. In 2007, horse events attracted approximately 427,000 people and \$1.7 million in revenue. The park also hosts non-equine events that include soccer, high school cross country, dog shows, "Old Kentucky Nights" evening programs, "Southern Lights" holiday lights show, and many other events.

Campground-The popular campground is made up of 260 campsites with water/electric hookups, grocery store, two bathhouses, pool, tennis courts, playground, primitive camping, and covered pavilion. Each year more than 102,000 people camp at the Horse Park, generating more than \$1.3 million in annual direct income.

National Horse Center-Another area of remarkable growth has been the National Horse Center (NHC), a collection of the

nation's and the state's leading equestrian organizations. The NHC now includes 33 distinct organizations contained in ten office buildings. The NHC has solidified the key role of the Horse Park in making Kentucky the "Horse Capital of the World."

Policy

Support for the Federation Equestre Internationale (FEI) World Equestrian Games has been provided for the expansion of the new indoor arena and the construction of a new outdoor stadium. In addition to these previous investments, the Governor's recommended budget provides a Transportation Cabinet capital budget recommendation of \$10,300,000 in the 2008-2010 biennium for new roads and road repair at the Kentucky Horse Park in preparation for the World Equestrian Games in 2010.

The Executive Budget provides additional investment income resources of \$2,000,000 in the 2008-2010 biennial capital budget for critical maintenance projects throughout the Park in preparation for the 2010 games.

**Commerce
State Fair Board**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	553,800	9,501,900	10,034,000		181,000
Budget Reduction	-150,000				
Total General Fund	403,800	9,501,900	10,034,000		181,000
Restricted Funds					
Balance Forward	652,700	365,900	881,900	1,361,400	2,883,900
Current Receipts	41,248,600	41,916,400	43,828,000	40,326,900	41,138,600
Non-Revenue Receipts	-1,500,000		-1,500,000		-1,500,000
Total Restricted Funds	40,401,300	42,282,300	43,209,900	41,688,300	42,522,500
TOTAL SOURCE OF FUNDS	40,805,100	51,784,200	53,243,900	41,688,300	42,703,500
EXPENDITURES BY CLASS					
Personnel Cost	21,353,500	25,057,200	26,704,900	20,951,300	21,429,600
Operating Expenses	11,135,400	12,349,900	12,457,400	10,994,300	11,056,600
Grants, Loans or Benefits	1,638,100	1,638,100	1,638,100	1,638,100	1,638,100
Debt Service	4,424,400	10,561,400	10,561,400	4,424,400	4,605,400
Capital Outlay	796,300	1,295,700	1,210,700	796,300	796,300
TOTAL EXPENDITURES	39,347,700	50,902,300	52,572,500	38,804,400	39,526,000
EXPENDITURES BY FUND SOURCE					
General Fund	307,800	9,501,900	10,034,000		181,000
Restricted Funds	39,039,900	41,400,400	42,538,500	38,804,400	39,345,000
TOTAL EXPENDITURES	39,347,700	50,902,300	52,572,500	38,804,400	39,526,000
EXPENDITURES BY UNIT					
Kentucky Fair and Exposition Center	30,247,400	34,175,500	35,197,300	29,461,300	29,901,200
Kentucky International Convention Center	4,675,900	6,165,400	6,813,800	4,918,700	5,019,400
Debt Service	4,424,400	10,561,400	10,561,400	4,424,400	4,605,400
TOTAL EXPENDITURES	39,347,700	50,902,300	52,572,500	38,804,400	39,526,000

The Kentucky State Fair Board authorized in KRS 247 is composed of 15 members: the Governor, the Commissioner of Agriculture, the Dean of the College of Agriculture at the University of Kentucky, and 12 members appointed by the Governor. Five of the 12 members appointed by the Governor are selected from nominations by the Kentucky Association of Fairs and Horse Shows, the Kentucky Livestock Improvement Association, the Kentucky State National Farmers Organization, the American Saddle Horse Breeders Association, and the Kentucky Farm Bureau Federation. The Board manages and administers the funds, buildings, grounds, and equipment of the Kentucky Fair and Exposition Center and the Kentucky International Convention Center in Louisville. A president is appointed by the Board to manage the centers.

Kentucky Fair and Exposition Center - The Kentucky Fair and Exposition Center provides facilities and services for conventions, trade shows, agricultural activities, athletic events, concerts, and cultural and commercial productions year-round. At this site, the State Fair Board produces its three major expositions during the year: the Kentucky State Fair, the National Farm Machinery Show, and the North American International Livestock Exposition.

The Kentucky Fair and Exposition Center is a completely air-conditioned complex that includes one million square feet of exhibit and meeting space at ground level. It includes the 19,000-seat Freedom Hall Coliseum, identical East and West Exhibit Halls, East and West Exposition Wings, the South Wing Exposition Facility and Conference Center, a smaller exposition pavilion, a 600-seat amphitheater, a 5,000-seat Livestock and Horse Show Arena, and a 37,000-seat stadium.

Also serving the Kentucky Fair and Exposition Center are the adjacent Executive Inn East, Executive Inn West, Executive Bowl, and the Kentucky Kingdom Amusement Park, all of which are long-term lessees of the State Fair Board. An expansion of the South Wing, approved by the 2003 General Assembly, recently opened.

Kentucky International Convention Center - The Kentucky International Convention Center provides facilities and services for intermediate-sized conventions, trade shows, association events, concerts, and cultural and commercial productions year-round. This facility is an integral and interdependent part of the overall redevelopment of downtown Louisville by both government and private enterprises.

The Center includes approximately 200,000 square feet of exhibit space, a 30,000 square foot ballroom, and nearly 70,000 square feet of meeting space along both sides of Third Street. The exhibit and meeting areas are linked by public concourses spanning Third Street.

The Center is served by the Hyatt and Cowger Parking Garages, which provide 1,300 enclosed parking spaces, and by the Hyatt Regency Hotel, which is a long-term lessee of the Board. The Cowger Garage also includes commercial space which is leased on a long-term basis.

Debt Service - The Debt Service program is responsible for the annual debt service payments on Fair Board bonds issued by the State Property and Buildings Commission.

Restricted Funds in the amount of \$ 4,424,400 in fiscal year 2008-2009 and \$ 4,424,400 in fiscal year 2009-2010 are included for State Property and Building Commission Projects 81 and 86 debt service payments. Projects 81 and 86 provided funding for an expansion of South Wing C and East Wing Hall.

All previously authorized General Fund debt service costs are budgeted in the Finance and Administration Cabinet in the 2008-2010 biennium.

Policy

The Executive Budget provides Restricted Funds of \$396,800 in each fiscal year of the 2008-2010 biennium for the North American International Livestock Exposition program.

The Executive Budget provides General Fund resources in the amount of \$181,000 in fiscal year 2009-2010 for debt service on \$2,000,000 in bonds in fiscal year 2008-2009 to upgrade HVAC systems.

Commerce
Fish and Wildlife Resources

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation					442,000
Total General Fund					442,000
Restricted Funds					
Balance Forward	44,971,800	42,104,800	37,975,400	46,644,000	34,519,900
Current Receipts	38,976,500	37,872,200	37,979,200	30,826,800	28,888,800
Non-Revenue Receipts	-9,700,000	-6,600,000	-6,600,000	-6,600,000	-6,600,000
Fund Transfers				-10,000,000	
Total Restricted Funds	74,248,300	73,377,000	69,354,600	60,870,800	56,808,700
Federal Funds					
Balance Forward	7,260,900	7,260,900	5,260,900	8,957,500	8,598,600
Current Receipts	11,968,100	13,986,000	14,443,800	11,975,200	11,850,500
Non-Revenue Receipts		-500,000	-500,000	-500,000	-500,000
Total Federal Funds	19,229,000	20,746,900	19,204,700	20,432,700	19,949,100
TOTAL SOURCE OF FUNDS	93,477,300	94,123,900	88,559,300	81,303,500	77,199,800
EXPENDITURES BY CLASS					
Personnel Cost	30,278,600	40,273,600	42,927,900	30,598,200	31,535,100
Operating Expenses	6,831,800	8,677,100	8,779,300	6,821,400	6,828,700
Grants, Loans or Benefits	765,400	850,000	850,000	765,400	765,400
Debt Service					442,000
Capital Outlay		1,086,900	995,100		
TOTAL EXPENDITURES	37,875,800	50,887,600	53,552,300	38,185,000	39,571,200
EXPENDITURES BY FUND SOURCE					
General Fund					442,000
Restricted Funds	27,604,300	35,401,600	37,608,500	26,350,900	27,147,200
Federal Funds	10,271,500	15,486,000	15,943,800	11,834,100	11,982,000
TOTAL EXPENDITURES	37,875,800	50,887,600	53,552,300	38,185,000	39,571,200
EXPENDITURES BY UNIT					
Administration and Support	5,054,400	6,328,800	6,706,300	4,920,200	5,482,900
Wildlife Management	10,124,900	14,728,000	15,444,900	10,289,700	10,519,300
Fisheries Management	6,601,700	8,879,200	9,330,400	6,738,100	6,897,500
Information and Education	5,360,400	6,973,000	7,330,400	5,468,600	5,597,100
Law Enforcement	10,734,400	13,978,600	14,740,300	10,768,400	11,074,400
TOTAL EXPENDITURES	37,875,800	50,887,600	53,552,300	38,185,000	39,571,200

The Department of Fish and Wildlife Resources, established by KRS Chapter 150, is responsible for the conservation and management of fish and wildlife resources in Kentucky. A Departmental Commissioner is appointed by the Fish and Wildlife Commission. The Commission, which is responsible for Department policy, is a nine member bipartisan body appointed by the Governor from a list of candidates provided by sportsmen in each of nine districts.

Financial support of the Department is derived from the sale of hunting and fishing licenses, federal grants, interest income, fines and penalties assessed by the courts for violation of game and fish laws, and numerous other miscellaneous receipts.

The Department owns approximately 120,000 acres of land in Kentucky which are used to further its program activities.

The acreage includes the State Game Farm, 80 major wildlife management areas, two warm water hatcheries, and three summer camps. An additional 712,355 acres of land and water are under lease or license by the Department for wildlife management activities. The Daniel Boone National Forest provides an additional 600,000 acres of land for public use.

The Department consists of five program areas: Administration and Support, Wildlife Management, Fisheries Management, Information and Education, and Law Enforcement.

Administration and Support - Three separate divisions are included in the Administration and Support program area. The Division of Administrative Services manages the day-to-day operations of the Department including maintaining accounting records, ensuring proper purchasing and inventory procedures, and administering hunting and fishing license sales and revenue collections. The Public Affairs Division facilitates public involvement in departmental policy and regulations. The Engineering Division provides the labor and technical engineering services required for small construction projects, such as building small bridges, buildings, boat ramps, and roads. In addition, Engineering is responsible for surveying all property owned or being purchased by the Department.

Wildlife Management - The Wildlife Management program manages, develops, and maintains statewide game and non-game populations consistent with habitat availability on state owned lands, licensed wildlife management areas, and privately owned lands. Additionally, Wildlife Management conducts statewide surveys to determine the relative abundance of game and non-game wildlife, formulates hunting regulations based upon biological data and recreational demands, restores viable native wildlife species by restocking in suitable habitat, and evaluates the impact of land, water resource, and other construction projects on wildlife resources. Technical guidance is provided to private landowners for improvement of wildlife habitat. A fish and wildlife electronic information system is being maintained for use by state agencies that includes geographic information such as land types, vegetation conditions, and wildlife populations.

Fisheries Management - The Fisheries Management program manages Kentucky fishery resources to provide optimum fishing opportunities for anglers through research, surveys, fish stocking, regulation, and technical biological guidance. Fishery biologists manage and develop fish populations and their associated habitats in major impoundments, streams, rivers, and 100,000 acres of small lakes and ponds. In addition, technical guidance is provided to private pond owners. Research biologists provide support to management through evaluation of stocking and regulatory practices.

Information and Education - The Information and Education program is responsible for educating and informing the public about our wildlife resources and the importance of conservation, and the recreational opportunities the fish and wildlife resources provide. The information and education program is essential to provide the general and sporting public timely and accurate information directly and through the media. Additionally, the dissemination of regulatory information is necessary for the sporting public to comply with applicable laws and regulations. The program also provides classroom instruction on wildlife conservation, hunter education, aquatic education, and administers a summer camp for children.

Law Enforcement - The Law Enforcement program enforces fish, wildlife, and boating laws. Officers assist other federal, state, and local agencies in enforcement of all criminal laws in the Commonwealth. Officers also provide assistance to the public during times of natural disasters such as floods, forest fires, and severe winter weather.

Policy

The Executive Budget provides General Fund resources of \$442,000 in fiscal year 2009-2010 for debt service related to Bond Fund resources of \$10,000,000 in fiscal year 2008-2009 for Kentucky Wetland and Stream Mitigation Fund capital projects.

**Commerce
Historical Society**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	8,045,500	9,577,000	9,778,500	7,154,200	7,154,200
Budget Reduction	-191,000				
Salary Compensation Fund	61,200				
Total General Fund	7,915,700	9,577,000	9,778,500	7,154,200	7,154,200
Restricted Funds					
Balance Forward	304,900	250,300	248,500	300	16,400
Current Receipts	765,000	773,100	904,100	773,100	904,100
Fund Transfers	-274,600				
Total Restricted Funds	795,300	1,023,400	1,152,600	773,400	920,500
Federal Funds					
Current Receipts	516,800				
Total Federal Funds	516,800				
TOTAL SOURCE OF FUNDS	9,227,800	10,600,400	10,931,100	7,927,600	8,074,700
EXPENDITURES BY CLASS					
Personnel Cost	4,261,200	5,380,800	5,770,400	4,341,800	4,484,800
Operating Expenses	2,865,500	3,750,600	3,984,500	3,260,900	3,403,400
Grants, Loans or Benefits	2,068,800	1,083,500	948,500	308,500	173,500
Debt Service	32,000				
Capital Outlay		137,000			
TOTAL EXPENDITURES	9,227,500	10,351,900	10,703,400	7,911,200	8,061,700
EXPENDITURES BY FUND SOURCE					
General Fund	7,915,700	9,577,000	9,778,500	7,154,200	7,154,200
Restricted Funds	795,000	774,900	924,900	757,000	907,500
Federal Funds	516,800				
TOTAL EXPENDITURES	9,227,500	10,351,900	10,703,400	7,911,200	8,061,700
EXPENDITURES BY UNIT					
Oral History and Educational Outreach	2,513,900	1,969,900	2,119,900	1,244,900	1,240,800
Research and Publications	220,100	220,100	220,100	160,300	160,300
Museums	289,400	214,400	214,400	164,400	164,400
Administration	6,204,100	7,947,500	8,149,000	6,341,600	6,496,200
TOTAL EXPENDITURES	9,227,500	10,351,900	10,703,400	7,911,200	8,061,700

The Kentucky Historical Society (KHS) engages people in the exploration of the Commonwealth's diverse heritage. Through comprehensive and innovative services, interpretive programs, and stewardship, it provides connections to the past, perspective on the present, and inspiration for the future.

The Kentucky Historical Society's statutory mandate, pursuant to KRS 171.311, is to collect and preserve for future generations materials and information regarding Kentucky's past; to disseminate knowledge and understanding of the state's history; and to produce for people of all backgrounds an increased awareness of, and appreciation for, the Commonwealth and its heritage. The agency operates four divisions: Administration, Research and Publications, Museums, and Oral History and Educational Outreach.

The Administration Division provides overall agency direction, planning, and management. It is comprised of the following functional teams: development, director's office, finance and human resources, and marketing and public relations.

The Research and Publications Division includes the following functional teams: research and interpretation, museum collections and exhibitions, and the design studio. The research and interpretation team publishes the Society's two journals- *The Register of the Kentucky Historical Society* and *Kentucky Ancestors*-and assists with the publication of the quarterly newsletter, *The Chronicle*. The team also administers the highway marker program. The museum collections and exhibitions team is responsible for the operation of the Historical Society's three museum facilities-the galleries located in the Thomas D. Clark Center for Kentucky History, the Kentucky Military History Museum, and the Old State Capitol. The team is also responsible for the 200,000+ artifact collection. The design studio is responsible for museum exhibition design and production.

The Museum Division is responsible for special collections and reference services. The division operates the Martin F. Schmidt Research Library housed in the History Center. It also administers the Kentucky Oral History Commission program.

The Oral History and Educational Outreach Division includes the following units: community services, folklife program, museum education, off-site teacher/student programming, and visitor services. Community Services consists of the local history program, the Lincoln Bicentennial Commission, The Lewis & Clark Bicentennial Commission, and the Cemetery Preservation program. The folklife program's mission is to document the living cultural traditions of Kentuckians and to encourage their perpetuation through education and celebration. A primary activity of the folklife program is sponsorship of the Kentucky Folklife Festival. Museum Education focus is on learning. The group conducts school tours, administers the museum theatre program, and provides other educational activities for adults and children. The primary outreach programs for students include the Kentucky Junior Historical Society and National History Day. Visitors services staff manage museum admission and provide introductory information to visitors to the Historical Society's three facilities. Since 1999 these facilities have hosted over 1,000,000 visitors.

**Commerce
Arts Council**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	4,182,500	6,231,900	6,670,600	3,719,500	3,831,400
Budget Reduction	-66,000				
Salary Compensation Fund	12,100				
Total General Fund	4,128,600	6,231,900	6,670,600	3,719,500	3,831,400
Restricted Funds					
Balance Forward	352,200	89,500	36,800	89,500	36,800
Current Receipts	690,000	280,000	215,000	280,000	215,000
Total Restricted Funds	1,042,200	369,500	251,800	369,500	251,800
Federal Funds					
Balance Forward	166,600	102,500	39,100	102,500	39,100
Current Receipts	675,900	675,900	675,900	675,900	675,900
Total Federal Funds	842,500	778,400	715,000	778,400	715,000
TOTAL SOURCE OF FUNDS	6,013,300	7,379,800	7,637,400	4,867,400	4,798,200
EXPENDITURES BY CLASS					
Personnel Cost	1,241,900	1,834,900	2,029,800	1,250,800	1,286,100
Operating Expenses	877,700	1,075,900	1,260,600	738,600	733,000
Grants, Loans or Benefits	3,701,700	4,293,100	3,850,100	2,802,100	2,733,100
TOTAL EXPENDITURES	5,821,300	7,203,900	7,140,500	4,791,500	4,752,200
EXPENDITURES BY FUND SOURCE					
General Fund	4,128,600	6,131,900	6,224,600	3,719,500	3,831,400
Restricted Funds	952,700	332,700	210,900	332,700	215,800
Federal Funds	740,000	739,300	705,000	739,300	705,000
TOTAL EXPENDITURES	5,821,300	7,203,900	7,140,500	4,791,500	4,752,200
EXPENDITURES BY UNIT					
Arts Council	1,718,400	2,259,700	2,240,300	1,594,200	1,597,100
Support Grants	3,569,800	4,411,100	4,367,100	2,676,100	2,633,900
Programs and Education	239,000	239,000	239,000	236,000	236,000
Arts Marketing	294,100	294,100	294,100	285,200	285,200
TOTAL EXPENDITURES	5,821,300	7,203,900	7,140,500	4,791,500	4,752,200

The Kentucky Arts Council's legislated purpose is to develop and promote a broadly conceived state policy of support for the arts in Kentucky, pursuant to KRS 153.210 to 153.235. As the official state arts agency, the Kentucky Arts Council (KAC) is the sole Kentucky state agency designated to receive partnership funding from the National Endowment for the Arts for any programs related to the arts. All of the KAC's programs, services, initiatives, events and activities support its mission to "create opportunities for the people of Kentucky to value, participate in, and benefit from the arts".

The Kentucky Arts Council manages a multitude of programs, activities and services for the Commonwealth by working in partnership with arts organizations, educational facilities, communities, local government, and individual artists. The work of the KAC encourages the growth and stability of the arts across the state, the promotion of cultural tourism and economic development, the enhancement of quality of life in Kentucky, and the provision of strong arts education programs.

Major program areas include community arts development, arts infrastructure capacity building, individual artists, folk arts,

arts education, and arts marketing. The KAC offers an extensive array of technical assistance and training programs, public events, information services and resources, business development services, sales and performance venues, and grant programs to help ensure that the arts community in Kentucky is strong and viable. The grant funds invested by the KAC across the Commonwealth serves as an important catalyst in community building, and leverages significant funding from other sources.

**Commerce
Heritage Council**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	900,000	3,524,000	3,509,600	908,100	952,100
Current Year Appropriation		38,600	38,600		
Salary Compensation Fund	8,100				
Total General Fund	908,100	3,562,600	3,548,200	908,100	952,100
Restricted Funds					
Balance Forward	477,800				
Current Receipts	856,800	532,700	481,500	320,300	255,300
Non-Revenue Receipts	40,000				
Total Restricted Funds	1,374,600	532,700	481,500	320,300	255,300
Federal Funds					
Current Receipts	770,100	752,300	752,300	752,300	752,300
Total Federal Funds	770,100	752,300	752,300	752,300	752,300
Road Fund					
Regular Appropriation				140,000	145,000
Total Road Fund				140,000	145,000
TOTAL SOURCE OF FUNDS	3,052,800	4,847,600	4,782,000	2,120,700	2,104,700
EXPENDITURES BY CLASS					
Personnel Cost	1,294,900	2,421,300	2,463,900	1,379,800	1,423,800
Operating Expenses	726,000	1,161,600	1,053,400	676,200	616,200
Grants, Loans or Benefits	1,031,900	1,264,700	1,264,700	64,700	64,700
TOTAL EXPENDITURES	3,052,800	4,847,600	4,782,000	2,120,700	2,104,700
EXPENDITURES BY FUND SOURCE					
General Fund	908,100	3,562,600	3,548,200	908,100	952,100
Restricted Funds	1,374,600	532,700	481,500	320,300	255,300
Federal Funds	770,100	752,300	752,300	752,300	752,300
Road Fund				140,000	145,000
TOTAL EXPENDITURES	3,052,800	4,847,600	4,782,000	2,120,700	2,104,700
EXPENDITURES BY UNIT					
Kentucky Heritage Council	3,052,800	4,847,600	4,782,000	2,120,700	2,104,700
TOTAL EXPENDITURES	3,052,800	4,847,600	4,782,000	2,120,700	2,104,700

The Kentucky Heritage Council (the State Historic Preservation Office) administers a comprehensive state historic preservation program including site identification and evaluation, site development and site protection.

The Council administers national historic preservation activities in Kentucky, distributes Federal Funds, offers services on all aspects of historic preservation, and provides technical assistance to local governments, the public, and other agencies.

Major program activities include surveying historic sites, nominating sites to the National Register of Historic Places, administering the Kentucky Main Street program in partnership with Renaissance on Main, overseeing federal and state investment tax credit programs and Restoration Grants program, conducting archaeological investigations, and reviewing all federal funded, licensed, and permitted projects.

Attached to the Heritage Council for administration and programmatic services are the African American Heritage

Commission, Native American Heritage Commission, Military Heritage Commission, and the Kentucky Historic Preservation Review Board. The Kentucky Heritage Council is administered in accordance with KRS 171.380.

Policy

The Executive Budget provides Road Fund appropriation of \$140,000 if fiscal year 2009 and \$145,000 in fiscal year 2010 to fund mandated reviews for transportation projects.

Commerce
Kentucky Center for the Arts

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,264,400	2,913,850	3,673,250	1,112,700	1,112,700
Total General Fund	1,264,400	2,913,850	3,673,250	1,112,700	1,112,700
TOTAL SOURCE OF FUNDS	1,264,400	2,913,850	3,673,250	1,112,700	1,112,700
EXPENDITURES BY CLASS					
Personnel Cost	138,400	112,100	122,400	36,700	47,000
Operating Expenses	489,600	1,565,900	1,555,600	515,900	505,600
Grants, Loans or Benefits	636,400	1,093,850	1,252,250	560,100	560,100
Debt Service		142,000	743,000		
TOTAL EXPENDITURES	1,264,400	2,913,850	3,673,250	1,112,700	1,112,700
EXPENDITURES BY FUND SOURCE					
General Fund	1,264,400	2,913,850	3,673,250	1,112,700	1,112,700
TOTAL EXPENDITURES	1,264,400	2,913,850	3,673,250	1,112,700	1,112,700
EXPENDITURES BY UNIT					
Kentucky Center for the Arts	628,000	2,120,000	2,721,000	552,600	552,600
Governor's School for the Arts	636,400	793,850	952,250	560,100	560,100
TOTAL EXPENDITURES	1,264,400	2,913,850	3,673,250	1,112,700	1,112,700

Kentucky Center for the Arts ("The Kentucky Center") is the Commonwealth's premier performing arts center. Over 400,000 people attend events at The Kentucky Center each year. It is the performance home of the state's largest orchestra, opera, ballet, Broadway and children's theatre productions. In addition, The Kentucky Center presents a variety of national and international artists.

The Kentucky Center houses three theaters: the 2,479-seat Robert S. Whitney Hall, the 619-seat Moritz von Bomhard Theater, and the 139-seat Boyd Martin Experimental Theater. The facility features a multi-tiered lobby, rehearsal halls, a 190-seat restaurant and spaces for social and business events. All areas of the facility are accessible to those with physical disabilities, and nationally award-winning services for patrons who are hearing or visually impaired are available during performances.

The Kentucky Center provides a wide range of nationally recognized educational programs including professional development for teachers, partnerships with schools and community centers, and opportunities for artists to work in classrooms. The Center is also a leader in providing award-winning access services that make the theater experience possible for patrons with disabilities. The Kentucky Center, in partnership with the Kentucky Arts Council, provides access and technical consulting services for arts and cultural organizations across Kentucky. The Kentucky Center's management also provides theatrical consulting services throughout the state.

The Governor's School for the Arts (GSA) addresses the needs of an underserved population - the state's artistically gifted and talented young people - and supports the Kentucky Education Reform Act's mission to recognize the widest possible range of learning styles and capabilities. Many of its students come from rural areas of Kentucky where specialized arts instruction is not available. GSA is a model program, recognized nationally by the President's Committee on the Arts & Humanities and the National Endowment for the Arts.

Economic Development

Economic Development

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	30,446,100	57,014,000	63,594,400	24,065,300	26,504,100
Special Appropriation	22,366,800				
Continuing Appropriation	10,376,200				
Budget Reduction	-1,371,300				
Salary Compensation Fund	57,300				
Base Deduction	-548,300				
Total General Fund	61,326,800	57,014,000	63,594,400	24,065,300	26,504,100
Restricted Funds					
Balance Forward	3,514,100	2,021,100	1,325,700		
Current Receipts	1,699,100	1,040,000	900,000	1,601,300	1,611,300
Non-Revenue Receipts	2,197,700	3,109,400	3,240,200	1,654,300	1,681,200
Fund Transfers	-3,439,500				
Total Restricted Funds	3,971,400	6,170,500	5,465,900	3,255,600	3,292,500
Federal Funds					
Balance Forward	31,000				
Current Receipts	124,400			199,900	204,300
Non-Revenue Receipts		155,400	155,400		
Total Federal Funds	155,400	155,400	155,400	199,900	204,300
TOTAL SOURCE OF FUNDS	65,453,600	63,339,900	69,215,700	27,520,800	30,000,900
EXPENDITURES BY CLASS					
Personnel Cost	12,133,000	24,034,700	25,067,500	11,583,900	11,841,000
Operating Expenses	1,587,500	1,998,900	1,798,900	1,562,800	1,575,600
Grants, Loans or Benefits	44,572,600	35,980,600	38,845,600	14,374,100	14,374,300
Debt Service	7,160,500		4,585,000		2,210,000
TOTAL EXPENDITURES	65,453,600	62,014,200	70,297,000	27,520,800	30,000,900
EXPENDITURES BY FUND SOURCE					
General Fund	61,326,800	57,014,000	65,161,400	24,065,300	26,504,100
Restricted Funds	3,971,400	4,844,800	4,980,200	3,255,600	3,292,500
Federal Funds	155,400	155,400	155,400	199,900	204,300
TOTAL EXPENDITURES	65,453,600	62,014,200	70,297,000	27,520,800	30,000,900
EXPENDITURES BY UNIT					
Secretary	21,221,400	31,675,400	38,132,600	17,236,200	17,351,700
New Business Development	1,999,400	2,442,300	2,522,700	1,802,400	1,824,600
Financial Incentives	38,575,600	22,078,000	23,694,500	4,938,400	7,199,400
Existing Business Development	3,657,200	5,818,500	5,947,200	3,543,800	3,625,200
TOTAL EXPENDITURES	65,453,600	62,014,200	70,297,000	27,520,800	30,000,900

The Cabinet for Economic Development is governed by the Kentucky Economic Development Partnership, pursuant to KRS 154.

The Partnership board has 11 voting members and two non-voting members. The 11 voting members are the Governor, who is chairman, the Secretary of the Finance and Administration Cabinet, the Secretary of the Environmental and Public Protection Cabinet, and eight private sector members representing all facets of the economic development community who are appointed by the Governor. The Secretary of the Cabinet for Economic Development (nominated by the Economic Development Partnership and appointed by the Governor) and the Secretary of the Commerce Cabinet serve as non-voting members.

The Cabinet has three main objectives:

- Create an atmosphere that encourages open communication between the Cabinet and the general public,
- Increase awareness of the link between education and economic development, and
- Propel Kentucky's new economy initiatives to a higher level.

The budgetary resources for the Cabinet are organized in four appropriation units: Office of the Secretary, New Business Development, Financial Incentives, and Existing Business Development. The Department for Commercialization and Innovation's budget is imbedded within of the Office of the Secretary.

**Economic Development
Secretary**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	21,550,200	30,335,400	36,792,600	16,024,900	16,140,400
Budget Reduction	-1,321,300				
Salary Compensation Fund	18,200				
Base Deduction	-237,000				
Total General Fund	20,010,100	30,335,400	36,792,600	16,024,900	16,140,400
Restricted Funds					
Balance Forward	2,620,900	2,015,700	1,325,700		
Current Receipts	1,119,100	450,000	300,000	1,011,300	1,011,300
Non-Revenue Receipts	200,000	200,000	200,000	200,000	200,000
Fund Transfers	-2,728,700				
Total Restricted Funds	1,211,300	2,665,700	1,825,700	1,211,300	1,211,300
TOTAL SOURCE OF FUNDS	21,221,400	33,001,100	38,618,300	17,236,200	17,351,700
EXPENDITURES BY CLASS					
Personnel Cost	5,247,100	10,794,300	11,568,500	5,085,800	5,188,300
Operating Expenses	722,500	1,000,500	800,500	694,300	707,100
Grants, Loans or Benefits	14,225,800	19,880,600	22,745,600	11,456,100	11,456,300
Debt Service	1,026,000		3,018,000		
TOTAL EXPENDITURES	21,221,400	31,675,400	38,132,600	17,236,200	17,351,700
EXPENDITURES BY FUND SOURCE					
General Fund	20,010,100	30,335,400	36,792,600	16,024,900	16,140,400
Restricted Funds	1,211,300	1,340,000	1,340,000	1,211,300	1,211,300
TOTAL EXPENDITURES	21,221,400	31,675,400	38,132,600	17,236,200	17,351,700
EXPENDITURES BY UNIT					
Executive Policy & Management	2,027,400	3,349,200	3,209,700	1,513,600	1,543,100
Commercialization & Innovation	16,873,400	25,181,500	31,740,300	13,335,800	13,349,000
Research and Information Technology	1,500,000	2,034,500	2,104,500	1,529,500	1,572,600
Administration and Support	820,600	1,110,200	1,078,100	857,300	887,000
TOTAL EXPENDITURES	21,221,400	31,675,400	38,132,600	17,236,200	17,351,700

The Secretary's Office provides management of the programs and entities within the Cabinet under the direction of the Kentucky Economic Development Partnership Board. Staff and administrative functions within the Office include communication and marketing services, general counsel, legislative initiatives and special projects.

The Office of Research and Information Technology provides Cabinet-wide support in the areas of information technology, research services and strategic planning support. The staff in this division maintain current data on available industrial sites and buildings in the state; compile data on taxes, transportation, education, labor force availability and industrial services; and provide general economic and demographic statistics for all Kentucky communities.

The Office of Administrative Services provides accounting, budgeting, procurement, and personnel services for all of the agencies within the Cabinet.

The Department for Commercialization and Innovation (DCI) is within the Office of the Secretary. This department is

statutorily established in KRS 154.12-278 with the mission to implement the Kentucky Innovation Act passed by the 2000 General Assembly, which mandates creation of the infrastructure necessary to support knowledge-based and technology-driven firms in the Commonwealth of Kentucky. Such New Economy businesses need pure research from universities and other institutions, laboratory and technology resources, a workforce with current scientific and technical skills, and high-speed communications capability. Just as the industrial firms of the manufacturing economy tended to locate near steel mills and electricity generators, these new firms tend to grow in clusters around their necessary resources. The Department uses grants, loans, training and information to make available those raw materials of the New Economy, and provides assistance to existing and start-up firms in bringing their knowledge-based products to commercial viability. The Commissioner of DCI works closely with the state universities, the Council on Postsecondary Education, and the Governor's Office for Agricultural Policy, among others, to build a thriving entrepreneurial climate in Kentucky.

The Commissioner of DCI and the Kentucky Economic Development Finance Authority administer the high tech construction and high tech investment pools, as prescribed in KRS 154.12-278.

**Economic Development
New Business Development**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,377,500	1,695,300	1,775,700	1,502,400	1,524,600
Salary Compensation Fund	6,400				
Base Deduction	-131,500				
Total General Fund	1,252,400	1,695,300	1,775,700	1,502,400	1,524,600
Restricted Funds					
Balance Forward	752,400	5,400			
Non-Revenue Receipts	694,600	741,600	747,000	300,000	300,000
Fund Transfers	-700,000				
Total Restricted Funds	747,000	747,000	747,000	300,000	300,000
TOTAL SOURCE OF FUNDS	1,999,400	2,442,300	2,522,700	1,802,400	1,824,600
EXPENDITURES BY CLASS					
Personnel Cost	1,590,800	1,956,400	2,036,800	1,371,500	1,393,700
Operating Expenses	408,600	485,900	485,900	430,900	430,900
TOTAL EXPENDITURES	1,999,400	2,442,300	2,522,700	1,802,400	1,824,600
EXPENDITURES BY FUND SOURCE					
General Fund	1,252,400	1,695,300	1,775,700	1,502,400	1,524,600
Restricted Funds	747,000	747,000	747,000	300,000	300,000
TOTAL EXPENDITURES	1,999,400	2,442,300	2,522,700	1,802,400	1,824,600
EXPENDITURES BY UNIT					
Business Development	1,999,400	2,442,300	2,522,700	1,802,400	1,824,600
TOTAL EXPENDITURES	1,999,400	2,442,300	2,522,700	1,802,400	1,824,600

The Department for New Business Development is responsible for recruiting businesses to locate new facilities in Kentucky. This task includes targeting and contacting specific industries and businesses outside of Kentucky, meeting and corresponding with business representatives, and coordinating site location referrals and visits. The Department coordinates the exchange of information concerning financing, workforce availability and training assistance, and regulatory requirements.

**Economic Development
Financial Incentives**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	4,015,000	19,530,200	19,444,300	3,194,100	5,418,200
Special Appropriation	22,366,800				
Continuing Appropriation	10,376,200				
Salary Compensation Fund	14,500				
Total General Fund	36,772,500	19,530,200	19,444,300	3,194,100	5,418,200
Restricted Funds					
Balance Forward	113,700				
Current Receipts	580,000	590,000	600,000	590,000	600,000
Non-Revenue Receipts	1,109,400	1,957,800	2,083,200	1,154,300	1,181,200
Total Restricted Funds	1,803,100	2,547,800	2,683,200	1,744,300	1,781,200
TOTAL SOURCE OF FUNDS	38,575,600	22,078,000	22,127,500	4,938,400	7,199,400
EXPENDITURES BY CLASS					
Personnel Cost	1,976,900	6,937,000	6,986,500	1,908,900	1,959,900
Operating Expenses	117,400	141,000	141,000	111,500	111,500
Grants, Loans or Benefits	30,346,800	15,000,000	15,000,000	2,918,000	2,918,000
Debt Service	6,134,500		1,567,000		2,210,000
TOTAL EXPENDITURES	38,575,600	22,078,000	23,694,500	4,938,400	7,199,400
EXPENDITURES BY FUND SOURCE					
General Fund	36,772,500	19,530,200	21,011,300	3,194,100	5,418,200
Restricted Funds	1,803,100	2,547,800	2,683,200	1,744,300	1,781,200
TOTAL EXPENDITURES	38,575,600	22,078,000	23,694,500	4,938,400	7,199,400
EXPENDITURES BY UNIT					
Financial Incentives	7,683,300	5,877,300	7,495,900	1,490,000	3,736,900
Bluegrass State Skills	30,892,300	16,200,700	16,198,600	3,448,400	3,462,500
TOTAL EXPENDITURES	38,575,600	22,078,000	23,694,500	4,938,400	7,199,400

The Department of Financial Incentives coordinates all of the financial assistance programs and tax credits available to businesses locating and expanding in Kentucky.

Staff in the Department administer the decisions of the Kentucky Economic Development Finance Authority (KEDFA). KEDFA encourages economic development, business expansion, and job creation by providing loans and grants for building new plants; expanding existing facilities; and recruiting and training Kentuckians for new and better-paying jobs. Members of KEDFA include six private citizens appointed by the Kentucky Economic Development Partnership Board, and the Secretary of the Finance and Administration Cabinet who is an *ex officio* appointee. The repayable and forgivable loans, grants and credits that KEDFA provides are authorized in the statutes to address a variety of economic situations such as chronic high levels of unemployment; lack of job skills in the available workforce; and lack of adequate physical, communications, and transportation infrastructure. Some of the programs are available to firms statewide, while others are targeted to areas that meet specific needs criteria.

- Small Business Loan Program (KRS 154.12-330)
- The Economic Development Bond Program (KRS 154.12-100)
- The Direct Loan Program (KRS 154.20-030)

- The Kentucky Investment Fund Act (KRS 154.20-256)
- The Kentucky Rural Economic Development Act (KRS 154.22)
- The Kentucky Economic Opportunity Zone Act (KRS 154.23)
- The Kentucky Enterprise Initiative Act (KRS 154.20 - 200-216)
- The Kentucky Jobs Development Act (KRS 154.24-010)
- The Kentucky Jobs Retention Act (KRS 154.25)
- The Kentucky Industrial Revitalization Act (KRS 154.26)
- Incentives for Energy Independence (KRS 154.27)
- The Kentucky Industrial Development Act (KRS 154.28)
- The Kentucky Reinvestment Act (KRS 154.34)
- Tax Increment Financing (KRS 65.6971 and KRS 65.6972)
- New Economy Grants (KRS 154.12-278)
- Industrial Revenue Bonds (issued or reviewed under the authority of KRS 103.210)

Bluegrass State Skills Corporation (BSSC) is an independent corporation created in KRS 154.12-204 through 154.12-208 and attached for administrative purposes to the Cabinet for Economic Development. The Corporation stimulates economic development by funding the cost of training employees and upgrading their skills. Individual firms and business consortia that want to upgrade the training of their workers can apply for cost reimbursement from BSSC. In addition to underwriting the cost of training, BSSC works with the Department for Workforce Investment and the Kentucky Community and Technical College System to develop curricula and provide teachers to meet the specific needs of a firm and its employees.

The Economic Development Bond program as authorized in KRS 154.12-100 uses bond proceeds to leverage private investment to promote the overall economic development of the Commonwealth. This includes the development of public projects such as industrial parks, river ports, and tourism facilities.

Policy

General Fund appropriations for the Bluegrass State Skills Corporation's grants shall not lapse to the credit of the General Fund, but shall continue forward from each fiscal year to the next fiscal year to the extent that any balance is unexpended.

The Governor's recommended budget includes a General Fund appropriation of \$2,210,000 in fiscal year 2010 for debt service on \$50 million in new bonds for economic development. In addition to any statutorily allowed uses, these bonds are intended to be a resource to assist the local communities in and around the Fort Knox area with water and sewer infrastructure associated with the anticipated increase in population due to the relocation of several U.S. Army missions from other states.

Economic Development
Existing Business Development

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	3,503,400	5,453,100	5,581,800	3,343,900	3,420,900
Budget Reduction	-50,000				
Salary Compensation Fund	18,200				
Base Deduction	-179,800				
Total General Fund	3,291,800	5,453,100	5,581,800	3,343,900	3,420,900
Restricted Funds					
Balance Forward	27,100				
Non-Revenue Receipts	193,700	210,000	210,000		
Fund Transfers	-10,800				
Total Restricted Funds	210,000	210,000	210,000		
Federal Funds					
Balance Forward	31,000				
Current Receipts	124,400			199,900	204,300
Non-Revenue Receipts		155,400	155,400		
Total Federal Funds	155,400	155,400	155,400	199,900	204,300
TOTAL SOURCE OF FUNDS	3,657,200	5,818,500	5,947,200	3,543,800	3,625,200
EXPENDITURES BY CLASS					
Personnel Cost	3,318,200	4,347,000	4,475,700	3,217,700	3,299,100
Operating Expenses	339,000	371,500	371,500	326,100	326,100
Grants, Loans or Benefits		1,100,000	1,100,000		
TOTAL EXPENDITURES	3,657,200	5,818,500	5,947,200	3,543,800	3,625,200
EXPENDITURES BY FUND SOURCE					
General Fund	3,291,800	5,453,100	5,581,800	3,343,900	3,420,900
Restricted Funds	210,000	210,000	210,000		
Federal Funds	155,400	155,400	155,400	199,900	204,300
TOTAL EXPENDITURES	3,657,200	5,818,500	5,947,200	3,543,800	3,625,200
EXPENDITURES BY UNIT					
Small Business Advocacy	217,500	338,100	360,000	198,900	203,500
Executive Policy & Management	1,380,100	1,682,300	1,749,700	1,191,200	1,212,700
Small Business Services	943,300	2,261,500	2,309,000	989,600	1,011,200
Regional Offices	1,116,300	1,536,600	1,528,500	1,164,100	1,197,800
TOTAL EXPENDITURES	3,657,200	5,818,500	5,947,200	3,543,800	3,625,200

The Department of Existing Business Development is responsible for the retention and expansion of existing businesses. It seeks to expand Kentucky's entrepreneurial capacity and to help communities realize their economic potential. The Department includes the Division of Small Business Services, the regional development offices and the Division of International Trade. The Commission on Small Business Advocacy, an independent agency, is attached to the Department for administrative purposes. The Commission monitors statutory and regulatory changes for their impact on small business enterprises.

The Small Business Services Division promotes small business development through entrepreneurial support programs. Kentucky Procurement Assistance provides technical assistance to businesses competing for federal and state government contracts. Small and Minority Business serves as a resource center for business owners/managers and establishes

educational programs to address the needs of minority enterprises. The Minority Entrepreneurship program provides business development mentoring in Louisville.

The regional economic development offices foster the retention and expansion of Kentucky's manufacturing and value-added business base. The Division has offices in Madisonville, Frankfort and Prestonsburg. Staff in these offices provide a statewide industry visitation program to help Kentucky's business and industry improve their competitive positions and to access state incentive programs. Regional staff also assist communities and local economic development groups to improve their business infrastructure and to develop industrial sites.

The International Trade Division enables Kentucky companies to become more competitive in global markets. The Division emphasizes trade awareness and education. Staff provide assistance to Kentucky companies on trade-related issues and participate in trade missions. The Division demonstrates how local economic development groups might develop trade assistance programs.

- The Kentucky Agricultural and Commercial Trade Office located in Guadalajara, Mexico, promotes exports of Kentucky manufactured goods, services, and agricultural products throughout Mexico. This office is funded and operated cooperatively by the Cabinet for Economic Development and the Kentucky Department of Agriculture.
- The Kentucky South America Trade Office located in Santiago, Chile, assists Kentucky companies in large and important markets throughout South America. The Chile Free Trade Agreement offers Kentucky export sectors improved market access and streamlined custom services to fast-growing Chilean markets.
- The Kentucky China Trade Center in Beijing links Kentucky exporters to the tremendous potential market of mainland China. Recent activities include promotion of Kentucky hardwoods and bourbon, as well as hosting an investment delegation from Chinese energy, steel, chemical, and automotive industries as well as financial services representatives.

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Department of Education

Department of Education

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	3,827,289,100	4,432,178,300	4,780,266,800	3,793,472,800	3,815,385,500
Special Appropriation	300,000				
Continuing Appropriation	20,700,100				
Budget Reduction	-11,554,700				
Salary Compensation Fund	605,800	546,800	546,800		
Base Deduction	-12,000,000				
Other	310,300				
Total General Fund	3,825,650,600	4,432,725,100	4,780,813,600	3,793,472,800	3,815,385,500
Tobacco Settlement-Phase I					
Tobacco Settlement - I	1,508,400	1,508,400	1,508,400	1,525,000	1,525,000
Continuing Appropriation	1,258,800				
Other	100,000				
Total Tobacco Settlement-Phase I	2,867,200	1,508,400	1,508,400	1,525,000	1,525,000
Restricted Funds					
Balance Forward	2,126,231				
Current Receipts	2,289,988	3,955,900	3,955,900	3,955,900	3,955,900
Non-Revenue Receipts	5,415,081	5,875,400	5,875,400	875,400	875,400
Fund Transfers	-294,900				
Total Restricted Funds	9,536,400	9,831,300	9,831,300	4,831,300	4,831,300
Federal Funds					
Current Receipts	714,628,800	715,174,300	715,369,500	714,554,200	714,554,200
Non-Revenue Receipts	11,992,600	11,992,600	11,992,600	11,992,600	11,992,600
Total Federal Funds	726,621,400	727,166,900	727,362,100	726,546,800	726,546,800
TOTAL SOURCE OF FUNDS	4,564,675,600	5,171,231,700	5,519,515,400	4,526,375,900	4,548,288,600
EXPENDITURES BY CLASS					
Personnel Cost	74,344,400	82,745,700	85,899,500	73,214,200	74,569,200
Operating Expenses	31,393,500	35,792,500	42,816,100	31,280,200	31,307,200
Grants, Loans or Benefits	4,400,268,200	5,052,693,500	5,390,799,800	4,421,881,500	4,441,183,200
Debt Service	7,625,000				1,229,000
TOTAL EXPENDITURES	4,513,631,100	5,171,231,700	5,519,515,400	4,526,375,900	4,548,288,600
EXPENDITURES BY FUND SOURCE					
General Fund	3,774,606,100	4,432,725,100	4,780,813,600	3,793,472,800	3,815,385,500
Tobacco Settlement-Phase I	2,867,200	1,508,400	1,508,400	1,525,000	1,525,000
Restricted Funds	9,536,400	9,831,300	9,831,300	4,831,300	4,831,300
Federal Funds	726,621,400	727,166,900	727,362,100	726,546,800	726,546,800
TOTAL EXPENDITURES	4,513,631,100	5,171,231,700	5,519,515,400	4,526,375,900	4,548,288,600
EXPENDITURES BY UNIT					
Executive Policy and Management	679,800	760,300	800,100	702,600	729,000
Operations and Support Services	69,731,800	65,373,500	66,013,000	54,513,300	55,963,400
Learning and Results Services	1,556,667,400	1,755,049,800	1,817,847,400	1,556,296,900	1,603,690,100
Support Education Excellence in Kentucky (SEEK)	2,886,552,100	3,350,048,100	3,634,854,900	2,914,863,100	2,887,906,100
TOTAL EXPENDITURES	4,513,631,100	5,171,231,700	5,519,515,400	4,526,375,900	4,548,288,600

In enacting the Kentucky Education Reform Act (KERA), the 1990 General Assembly provided for a reconstituted Department of Education to implement KERA along with existing programs. In accordance with KRS 156.148, the Department of Education is headed by a Commissioner of Education appointed by the Kentucky Board of Education.

**Department of Education
Executive Policy and Management**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	679,800	760,300	800,100	702,600	729,000
Total General Fund	679,800	760,300	800,100	702,600	729,000
TOTAL SOURCE OF FUNDS	679,800	760,300	800,100	702,600	729,000
EXPENDITURES BY CLASS					
Personnel Cost	578,900	650,200	690,000	596,100	612,500
Operating Expenses	100,900	110,100	110,100	106,500	116,500
TOTAL EXPENDITURES	679,800	760,300	800,100	702,600	729,000
EXPENDITURES BY FUND SOURCE					
General Fund	679,800	760,300	800,100	702,600	729,000
TOTAL EXPENDITURES	679,800	760,300	800,100	702,600	729,000
EXPENDITURES BY UNIT					
Commissioner's Office	573,000	653,500	693,300	604,400	630,800
Kentucky Board of Education	106,800	106,800	106,800	98,200	98,200
TOTAL EXPENDITURES	679,800	760,300	800,100	702,600	729,000

The Department of Education's Executive Policy and Management function is performed by the Commissioner of Education and the Kentucky Board of Education.

The 1990 General Assembly, as part of the Kentucky Education Reform Act (KERA), provided in KRS 156.148 for the appointment of a Commissioner of Education by the Kentucky Board of Education to serve as the chief state school officer.

As part of the same legislation, the General Assembly, in KRS 156.029, created an 11 member Kentucky Board of Education. Board members are appointed by the Governor and confirmed by the Senate and the House of Representatives. Seven members are selected from the state's seven Supreme Court districts, and four are appointed from the state at large. Board members serve four-year staggered terms. The Executive Director of the Council on Postsecondary Education serves as an ex officio non-voting board member. Overall policy regarding public elementary and secondary education in Kentucky is set by the Kentucky Board of Education within the legal framework established by the General Assembly.

The Commissioner of Education's qualifications and compensation are set by the Kentucky Board of Education. The Commissioner serves at the pleasure of the Board. The Commissioner is responsible for carrying out all duties assigned by the legislature, for executing education policy as directed by the State Board, and directing the work of all persons employed by the Department of Education.

**Department of Education
Operations and Support Services**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	56,074,400	49,635,600	50,275,100	43,775,400	45,225,500
Salary Compensation Fund	59,000				
Reorganization Adjustments	-711,600				
Total General Fund	55,421,800	49,635,600	50,275,100	43,775,400	45,225,500
Restricted Funds					
Balance Forward	1,058,072				
Current Receipts	1,106,953	2,135,100	2,135,100	2,135,100	2,135,100
Non-Revenue Receipts	5,045,075	5,075,000	5,075,000	75,000	75,000
Fund Transfers	-154,900				
Total Restricted Funds	7,055,200	7,210,100	7,210,100	2,210,100	2,210,100
Federal Funds					
Current Receipts	8,500,000	8,500,000	8,500,000	8,500,000	8,500,000
Non-Revenue Receipts	27,800	27,800	27,800	27,800	27,800
Total Federal Funds	8,527,800	8,527,800	8,527,800	8,527,800	8,527,800
TOTAL SOURCE OF FUNDS	71,004,800	65,373,500	66,013,000	54,513,300	55,963,400
EXPENDITURES BY CLASS					
Personnel Cost	10,039,200	9,901,200	10,517,100	7,092,200	7,313,300
Operating Expenses	24,039,800	27,444,500	27,468,100	24,393,300	24,393,300
Grants, Loans or Benefits	28,027,800	28,027,800	28,027,800	23,027,800	23,027,800
Debt Service	7,625,000				1,229,000
TOTAL EXPENDITURES	69,731,800	65,373,500	66,013,000	54,513,300	55,963,400
EXPENDITURES BY FUND SOURCE					
General Fund	54,148,800	49,635,600	50,275,100	43,775,400	45,225,500
Restricted Funds	7,055,200	7,210,100	7,210,100	2,210,100	2,210,100
Federal Funds	8,527,800	8,527,800	8,527,800	8,527,800	8,527,800
TOTAL EXPENDITURES	69,731,800	65,373,500	66,013,000	54,513,300	55,963,400
EXPENDITURES BY UNIT					
Deputy Commissioner	302,100	412,600	440,500	330,300	337,700
Internal Administration and Support	32,442,900	11,080,200	11,423,400	6,865,300	8,198,300
Education Technology	35,849,200	52,218,300	52,400,200	45,977,200	46,050,500
Legal, Legislative and Communication Services	1,137,600	1,662,400	1,748,900	1,340,500	1,376,900
TOTAL EXPENDITURES	69,731,800	65,373,500	66,013,000	54,513,300	55,963,400

The Operations and Support Services program area consists of the Office of Internal Administration; the Office of Education Technology; and the Office of Legal, Legislative and Communication Services.

**Department of Education
Operations and Support Services
Deputy Commissioner**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	243,100	412,600	440,500	330,300	337,700
Salary Compensation Fund	59,000				
Total General Fund	302,100	412,600	440,500	330,300	337,700
TOTAL SOURCE OF FUNDS	302,100	412,600	440,500	330,300	337,700
EXPENDITURES BY CLASS					
Personnel Cost	155,800	393,500	421,400	311,200	318,600
Operating Expenses	146,300	19,100	19,100	19,100	19,100
TOTAL EXPENDITURES	302,100	412,600	440,500	330,300	337,700
EXPENDITURES BY FUND SOURCE					
General Fund	302,100	412,600	440,500	330,300	337,700
TOTAL EXPENDITURES	302,100	412,600	440,500	330,300	337,700

The Deputy Commissioner and associated support staff provide policy and administrative direction for the Operations and Support Services program area. The Deputy Commissioner reports directly to the Commissioner of Education.

**Department of Education
Operations and Support Services
Internal Administration and Support**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	31,674,800	9,050,000	9,393,200	4,835,100	6,168,100
Reorganization Adjustments	55,800				
Total General Fund	31,730,600	9,050,000	9,393,200	4,835,100	6,168,100
Restricted Funds					
Balance Forward	910,077				
Current Receipts	1,120,123	2,030,200	2,030,200	2,030,200	2,030,200
Fund Transfers	-44,900				
Total Restricted Funds	1,985,300	2,030,200	2,030,200	2,030,200	2,030,200
TOTAL SOURCE OF FUNDS	33,715,900	11,080,200	11,423,400	6,865,300	8,198,300
EXPENDITURES BY CLASS					
Personnel Cost	6,415,700	5,257,100	5,576,700	3,358,700	3,462,700
Operating Expenses	18,402,200	5,823,100	5,846,700	3,506,600	3,506,600
Debt Service	7,625,000				1,229,000
TOTAL EXPENDITURES	32,442,900	11,080,200	11,423,400	6,865,300	8,198,300
EXPENDITURES BY FUND SOURCE					
General Fund	30,457,600	9,050,000	9,393,200	4,835,100	6,168,100
Restricted Funds	1,985,300	2,030,200	2,030,200	2,030,200	2,030,200
TOTAL EXPENDITURES	32,442,900	11,080,200	11,423,400	6,865,300	8,198,300

The Office of Internal Administration and Support consists of the following divisions: Budgets, Financial and Materials Management, Administrative Services, and Human Resources.

The Division of Budgets supervises all aspects of budget creation, both annual and biennial, budget analysis and forecasting, expenditure authorizations, personnel approvals, allotment, and appropriation adjustments and increases. The Division serves as agency liaison with the Office of State Budget Director and Legislative Research Commission budget staff.

The Division of Financial and Materials Management supervises all expenditure and accounting transactions, purchasing and document preparation, and pre-audit functions. The Division serves as liaison with the Auditor of Public Accounts and the Finance and Administration Cabinet and also is the primary Department authority for MARS training and implementation.

The Division of Administrative Services is responsible for insurance; leasing; management of leased property, inventory, telecommunications equipment, copiers, mail, office and furniture moves; receiving and distribution of equipment and materials; printing; and processing of documents to archives. The Division is also responsible for capital project planning, budgeting, and administration.

The Division of Human Resources provides personnel and payroll services to Department staff. These services include initiation of master agreements with local education agencies as well as administration of the state merit system, Family Medical Leave Act, Workers' Compensation, sick leave sharing, tuition assistance, employee training, Fair Labor Standards Act, Americans With Disabilities Act, and all other related employment laws and regulations.

Policy

The Executive Budget includes \$1,229,000 in debt service in fiscal year 2010 in support of an on-line system of student assessment and a knowledge management portal.

**Department of Education
Operations and Support Services
Education Technology**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	22,155,900	38,643,300	38,825,200	37,402,200	37,475,500
Reorganization Adjustments	118,300				
Total General Fund	22,274,200	38,643,300	38,825,200	37,402,200	37,475,500
Restricted Funds					
Balance Forward	29,925				
Non-Revenue Receipts	5,045,075	5,075,000	5,075,000	75,000	75,000
Total Restricted Funds	5,075,000	5,075,000	5,075,000	75,000	75,000
Federal Funds					
Current Receipts	8,500,000	8,500,000	8,500,000	8,500,000	8,500,000
Total Federal Funds	8,500,000	8,500,000	8,500,000	8,500,000	8,500,000
TOTAL SOURCE OF FUNDS	35,849,200	52,218,300	52,400,200	45,977,200	46,050,500
EXPENDITURES BY CLASS					
Personnel Cost	2,433,100	2,802,300	2,984,200	2,284,600	2,357,900
Operating Expenses	5,416,100	21,416,000	21,416,000	20,692,600	20,692,600
Grants, Loans or Benefits	28,000,000	28,000,000	28,000,000	23,000,000	23,000,000
TOTAL EXPENDITURES	35,849,200	52,218,300	52,400,200	45,977,200	46,050,500
EXPENDITURES BY FUND SOURCE					
General Fund	22,274,200	38,643,300	38,825,200	37,402,200	37,475,500
Restricted Funds	5,075,000	5,075,000	5,075,000	75,000	75,000
Federal Funds	8,500,000	8,500,000	8,500,000	8,500,000	8,500,000
TOTAL EXPENDITURES	35,849,200	52,218,300	52,400,200	45,977,200	46,050,500

The Office of Education Technology provides policy and budget planning, liaison services, administration and quality assurance for the Kentucky Education Technology System (KETS). The Office is responsible for KETS shared services for 700,000 direct customers, 1,200 schools, 174 local school districts and the Kentucky Department of Education. The Office consists of two divisions: KETS Engineering and Management, and KETS Operations and Services.

**Department of Education
Operations and Support Services
Legal, Legislative and Communication Services**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	2,000,600	1,529,700	1,616,200	1,207,800	1,244,200
Reorganization Adjustments	-885,700				
Total General Fund	1,114,900	1,529,700	1,616,200	1,207,800	1,244,200
Restricted Funds					
Balance Forward	118,070				
Current Receipts	-13,170	104,900	104,900	104,900	104,900
Fund Transfers	-110,000				
Total Restricted Funds	-5,100	104,900	104,900	104,900	104,900
Federal Funds					
Non-Revenue Receipts	27,800	27,800	27,800	27,800	27,800
Total Federal Funds	27,800	27,800	27,800	27,800	27,800
TOTAL SOURCE OF FUNDS	1,137,600	1,662,400	1,748,900	1,340,500	1,376,900
EXPENDITURES BY CLASS					
Personnel Cost	1,034,600	1,448,300	1,534,800	1,137,700	1,174,100
Operating Expenses	75,200	186,300	186,300	175,000	175,000
Grants, Loans or Benefits	27,800	27,800	27,800	27,800	27,800
TOTAL EXPENDITURES	1,137,600	1,662,400	1,748,900	1,340,500	1,376,900
EXPENDITURES BY FUND SOURCE					
General Fund	1,114,900	1,529,700	1,616,200	1,207,800	1,244,200
Restricted Funds	-5,100	104,900	104,900	104,900	104,900
Federal Funds	27,800	27,800	27,800	27,800	27,800
TOTAL EXPENDITURES	1,137,600	1,662,400	1,748,900	1,340,500	1,376,900

The Office of Legal, Legislative, and Communication Services provides in-house counsel and advice for the Commissioner of Education, all offices of the Department of Education, and the Kentucky Board of Education. The office provides legal representation for the Department of Education and Kentucky Board of Education before administrative agencies and courts of law. It provides informal legal advice to local school districts and members of the general public. The office serves as the Kentucky Department of Education's liaison with the General Assembly.

The Division of Communications is responsible for news media relations for the Commissioner and the Department of Education. The division creates print and electronic materials to supplement the professional development of educators and inform other interested parties in Kentucky's system of public elementary and secondary education. The Division also operates the Department's web site, provides photographic services for the Department, and produces electronic publications.

**Department of Education
Learning and Results Services**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	839,939,300	1,031,734,300	1,094,336,700	834,131,700	881,524,900
Special Appropriation	300,000				
Continuing Appropriation	20,700,100				
Budget Reduction	-11,554,700				
Salary Compensation Fund	546,800	546,800	546,800		
Base Deduction	-12,000,000				
Reorganization Adjustments	711,600				
Other	582,300				
Total General Fund	839,225,400	1,032,281,100	1,094,883,500	834,131,700	881,524,900
Tobacco Settlement-Phase I					
Tobacco Settlement - I	1,508,400	1,508,400	1,508,400	1,525,000	1,525,000
Continuing Appropriation	1,258,800				
Other	100,000				
Total Tobacco Settlement-Phase I	2,867,200	1,508,400	1,508,400	1,525,000	1,525,000
Restricted Funds					
Balance Forward	1,068,159				
Current Receipts	1,183,035	1,820,800	1,820,800	1,820,800	1,820,800
Non-Revenue Receipts	370,006	800,400	800,400	800,400	800,400
Fund Transfers	-140,000				
Total Restricted Funds	2,481,200	2,621,200	2,621,200	2,621,200	2,621,200
Federal Funds					
Current Receipts	706,128,800	706,674,300	706,869,500	706,054,200	706,054,200
Non-Revenue Receipts	11,964,800	11,964,800	11,964,800	11,964,800	11,964,800
Total Federal Funds	718,093,600	718,639,100	718,834,300	718,019,000	718,019,000
TOTAL SOURCE OF FUNDS	1,562,667,400	1,755,049,800	1,817,847,400	1,556,296,900	1,603,690,100
EXPENDITURES BY CLASS					
Personnel Cost	63,726,300	72,194,300	74,692,400	65,525,900	66,643,400
Operating Expenses	7,252,800	8,237,900	15,237,900	6,780,400	6,797,400
Grants, Loans or Benefits	1,485,688,300	1,674,617,600	1,727,917,100	1,483,990,600	1,530,249,300
TOTAL EXPENDITURES	1,556,667,400	1,755,049,800	1,817,847,400	1,556,296,900	1,603,690,100
EXPENDITURES BY FUND SOURCE					
General Fund	833,225,400	1,032,281,100	1,094,883,500	834,131,700	881,524,900
Tobacco Settlement-Phase I	2,867,200	1,508,400	1,508,400	1,525,000	1,525,000
Restricted Funds	2,481,200	2,621,200	2,621,200	2,621,200	2,621,200
Federal Funds	718,093,600	718,639,100	718,834,300	718,019,000	718,019,000
TOTAL EXPENDITURES	1,556,667,400	1,755,049,800	1,817,847,400	1,556,296,900	1,603,690,100
EXPENDITURES BY UNIT					
Deputy Commissioner	17,168,000	16,950,800	16,970,600	7,479,600	7,488,200
Special Instructional Services	459,387,300	472,718,000	474,175,600	460,502,700	461,197,600
Leadership and School Improvement	81,788,200	89,585,400	88,072,600	87,265,000	87,350,500
Assessment and Accountability	25,178,300	33,627,400	34,899,000	25,252,500	25,325,700
Teaching and Learning	198,976,800	301,732,500	298,914,400	179,155,700	179,296,100
District Support Services	774,168,800	840,435,700	904,815,200	796,641,400	843,032,000
TOTAL EXPENDITURES	1,556,667,400	1,755,049,800	1,817,847,400	1,556,296,900	1,603,690,100

The Learning and Results Services program area consists of the following offices: Special Instructional Services; Leadership and School Improvement; Assessment and Accountability; Teaching and Learning; and District Support Services.

Policy

The Governor's recommendation includes policy designating four programs - Extended School Services, Professional Development, Safe Schools, and Textbooks as "Flexible Focus Funds." This permits local school districts to use discretion in the allocation of these funds while still addressing the governing statutes and serving the needs of the target populations.

**Department of Education
Learning and Results Services
Deputy Commissioner**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	15,650,500	15,745,000	15,764,800	6,820,600	6,829,200
Salary Compensation Fund	546,800	546,800	546,800		
Reorganization Adjustments	311,700				
Total General Fund	16,509,000	16,291,800	16,311,600	6,820,600	6,829,200
Restricted Funds					
Balance Forward	180,042				
Current Receipts	244,458	424,500	424,500	424,500	424,500
Total Restricted Funds	424,500	424,500	424,500	424,500	424,500
Federal Funds					
Current Receipts	234,500	234,500	234,500	234,500	234,500
Total Federal Funds	234,500	234,500	234,500	234,500	234,500
TOTAL SOURCE OF FUNDS	17,168,000	16,950,800	16,970,600	7,479,600	7,488,200
EXPENDITURES BY CLASS					
Personnel Cost	626,300	417,500	437,300	323,000	323,000
Operating Expenses	889,000	880,600	880,600	295,900	304,500
Grants, Loans or Benefits	15,652,700	15,652,700	15,652,700	6,860,700	6,860,700
TOTAL EXPENDITURES	17,168,000	16,950,800	16,970,600	7,479,600	7,488,200
EXPENDITURES BY FUND SOURCE					
General Fund	16,509,000	16,291,800	16,311,600	6,820,600	6,829,200
Restricted Funds	424,500	424,500	424,500	424,500	424,500
Federal Funds	234,500	234,500	234,500	234,500	234,500
TOTAL EXPENDITURES	17,168,000	16,950,800	16,970,600	7,479,600	7,488,200
EXPENDITURES BY UNIT					
Deputy Commissioner	1,280,800	1,063,600	1,083,400	384,400	393,000
National Center Education Statistics Project	234,500	234,500	234,500	234,500	234,500
Staff Development	15,034,700	15,034,700	15,034,700	6,242,700	6,242,700
Statewide Teacher Recruitment	200,000	200,000	200,000	200,000	200,000
CCSSO/SAELP	418,000	418,000	418,000	418,000	418,000
TOTAL EXPENDITURES	17,168,000	16,950,800	16,970,600	7,479,600	7,488,200

The Deputy Commissioner and associated support staff provide policy and administrative direction for the Learning and Results Services major program area. The Deputy Commissioner reports directly to the Commissioner of Education and has responsibility for the following offices: Special Instructional Services, Leadership and School Improvement, Assessment and Accountability, Teaching and Learning, and District Support Services.

**Department of Education
Learning and Results Services
Special Instructional Services**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	29,323,900	43,318,200	44,689,700	31,215,900	31,910,800
Special Appropriation	300,000				
Other	582,300				
Total General Fund	30,206,200	43,318,200	44,689,700	31,215,900	31,910,800
Restricted Funds					
Balance Forward	466,570				
Current Receipts	277,024	313,200	313,200	313,200	313,200
Non-Revenue Receipts	370,006	800,400	800,400	800,400	800,400
Fund Transfers	-140,000				
Total Restricted Funds	973,600	1,113,600	1,113,600	1,113,600	1,113,600
Federal Funds					
Current Receipts	428,207,500	428,286,200	428,372,300	428,173,200	428,173,200
Total Federal Funds	428,207,500	428,286,200	428,372,300	428,173,200	428,173,200
TOTAL SOURCE OF FUNDS	459,387,300	472,718,000	474,175,600	460,502,700	461,197,600
EXPENDITURES BY CLASS					
Personnel Cost	20,837,300	23,527,200	24,984,800	21,550,000	22,236,500
Operating Expenses	2,343,800	2,910,100	2,910,100	2,672,000	2,680,400
Grants, Loans or Benefits	436,206,200	446,280,700	446,280,700	436,280,700	436,280,700
TOTAL EXPENDITURES	459,387,300	472,718,000	474,175,600	460,502,700	461,197,600
EXPENDITURES BY FUND SOURCE					
General Fund	30,206,200	43,318,200	44,689,700	31,215,900	31,910,800
Restricted Funds	973,600	1,113,600	1,113,600	1,113,600	1,113,600
Federal Funds	428,207,500	428,286,200	428,372,300	428,173,200	428,173,200
TOTAL EXPENDITURES	459,387,300	472,718,000	474,175,600	460,502,700	461,197,600
EXPENDITURES BY UNIT					
Associate Commissioner	424,300	513,300	548,300	433,800	457,600
Exceptional Children Services	155,380,700	155,474,700	155,573,300	155,380,700	155,380,700
Career and Technical Education	23,584,900	33,876,000	33,993,900	23,566,300	23,632,700
Federal Program and Instructional Equity	263,740,900	263,819,600	263,905,700	263,706,600	263,706,600
Kentucky School for the Blind	6,707,100	7,864,800	8,321,400	7,273,900	7,573,700
Kentucky School for the Deaf	9,549,400	11,169,600	11,833,000	10,141,400	10,446,300
TOTAL EXPENDITURES	459,387,300	472,718,000	474,175,600	460,502,700	461,197,600

The Office of Special Instructional Services as established by KRS 156.010 contains five divisions: Exceptional Children Services, Career and Technical Education, Federal Programs and Instructional Equity, the Kentucky School for the Blind, and the Kentucky School for the Deaf.

**Department of Education
Learning and Results Services
Special Instructional Services
Associate Commissioner**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	424,300	513,300	548,300	433,800	457,600
Total General Fund	424,300	513,300	548,300	433,800	457,600
TOTAL SOURCE OF FUNDS	424,300	513,300	548,300	433,800	457,600
EXPENDITURES BY CLASS					
Personnel Cost	424,300	505,100	540,100	425,600	449,400
Operating Expenses		8,200	8,200	8,200	8,200
TOTAL EXPENDITURES	424,300	513,300	548,300	433,800	457,600
EXPENDITURES BY FUND SOURCE					
General Fund	424,300	513,300	548,300	433,800	457,600
TOTAL EXPENDITURES	424,300	513,300	548,300	433,800	457,600

The Associate Commissioner for the Office of Special Instructional Services is responsible for five divisions: Exceptional Children Services, Career and Technical Education, Federal Programs and Instructional Equity, the Kentucky School for the Blind, and the Kentucky School for the Deaf. The Associate Commissioner reports to the Commissioner of Education through the Deputy Commissioner for Learning and Results Services.

**Department of Education
Learning and Results Services
Special Instructional Services
Exceptional Children Services**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	154,500	248,500	347,100	154,500	154,500
Total General Fund	154,500	248,500	347,100	154,500	154,500
Federal Funds					
Current Receipts	155,226,200	155,226,200	155,226,200	155,226,200	155,226,200
Total Federal Funds	155,226,200	155,226,200	155,226,200	155,226,200	155,226,200
TOTAL SOURCE OF FUNDS	155,380,700	155,474,700	155,573,300	155,380,700	155,380,700
EXPENDITURES BY CLASS					
Personnel Cost	1,663,900	1,773,800	1,872,400	1,679,800	1,679,800
Operating Expenses	580,000	580,000	580,000	580,000	580,000
Grants, Loans or Benefits	153,136,800	153,120,900	153,120,900	153,120,900	153,120,900
TOTAL EXPENDITURES	155,380,700	155,474,700	155,573,300	155,380,700	155,380,700
EXPENDITURES BY FUND SOURCE					
General Fund	154,500	248,500	347,100	154,500	154,500
Federal Funds	155,226,200	155,226,200	155,226,200	155,226,200	155,226,200
TOTAL EXPENDITURES	155,380,700	155,474,700	155,573,300	155,380,700	155,380,700
EXPENDITURES BY UNIT					
Exceptional Children Services	155,263,300	155,357,300	155,455,900	155,263,300	155,263,300
Special Education Mentors	117,400	117,400	117,400	117,400	117,400
TOTAL EXPENDITURES	155,380,700	155,474,700	155,573,300	155,380,700	155,380,700

Under provisions of KRS 156.010 and KRS 157.220, the Division of Exceptional Children Services oversees education programs for children and youth with disabilities and administers Kentucky's programs associated with the federal Individuals with Disabilities Education Act.

The Division provides technical assistance to local school districts in the development and implementation of special education programs. The division engages in implementation and oversight activities in the following program areas:

Special Education Mentors - Mentors work in schools and districts where special education programs are not in compliance with state or federal requirements. Mentors assist in creating and implementing improvement plans and work to increase the effectiveness of staff and relevant entities.

Preschool Special Education - Federal funds are provided under the Individuals With Disabilities Education Act (IDEA) to help states meet the extra cost of providing a free and appropriate public education to children ages three through five with an educational disability. The bulk of these funds flows directly to local school districts for their preschool special education programs. A portion of the funds goes to five early childhood training centers to assist districts in implementing their special education preschool programs. A final portion of the funds is retained by the Kentucky Department of Education for administrative activities of Kentucky's preschool special education programs.

Special Education Program Improvement - State Improvement Grants are awarded under the Individuals With Disabilities Education Act. Kentucky's improvement grant sets specific numerical goals to be attained over a five year period relative to school completion rates, qualified special education personnel, use of technology in teaching children with disabilities, effective early intervention services, and successful transition to preschool programs.

Individuals With Disabilities Education - Federal IDEA funds are provided to help meet the extra cost of providing disabled students a free and appropriate public education beyond preschool. The bulk of these funds, as with preschool, flows directly to local school districts. A portion goes to fund eleven special education cooperatives to assist districts, and a small amount is retained by the Kentucky Department of Education for administrative purposes.

**Department of Education
Learning and Results Services
Special Instructional Services
Career and Technical Education**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	12,783,800	23,817,200	23,935,100	13,507,500	13,573,900
Special Appropriation	300,000				
Other	582,300				
Total General Fund	13,666,100	23,817,200	23,935,100	13,507,500	13,573,900
Restricted Funds					
Balance Forward	430,394				
Non-Revenue Receipts	370,006	800,400	800,400	800,400	800,400
Fund Transfers	-140,000				
Total Restricted Funds	660,400	800,400	800,400	800,400	800,400
Federal Funds					
Current Receipts	9,258,400	9,258,400	9,258,400	9,258,400	9,258,400
Total Federal Funds	9,258,400	9,258,400	9,258,400	9,258,400	9,258,400
TOTAL SOURCE OF FUNDS	23,584,900	33,876,000	33,993,900	23,566,300	23,632,700
EXPENDITURES BY CLASS					
Personnel Cost	2,099,400	2,268,800	2,386,700	1,873,800	1,940,200
Operating Expenses	209,400	191,100	191,100	276,400	276,400
Grants, Loans or Benefits	21,276,100	31,416,100	31,416,100	21,416,100	21,416,100
TOTAL EXPENDITURES	23,584,900	33,876,000	33,993,900	23,566,300	23,632,700
EXPENDITURES BY FUND SOURCE					
General Fund	13,666,100	23,817,200	23,935,100	13,507,500	13,573,900
Restricted Funds	660,400	800,400	800,400	800,400	800,400
Federal Funds	9,258,400	9,258,400	9,258,400	9,258,400	9,258,400
TOTAL EXPENDITURES	23,584,900	33,876,000	33,993,900	23,566,300	23,632,700
EXPENDITURES BY UNIT					
Career and Technical Education	22,534,900	32,826,000	32,943,900	22,516,300	22,582,700
JAG	750,000	750,000	750,000	750,000	750,000
Energy Technology Career Track Program	300,000	300,000	300,000	300,000	300,000
TOTAL EXPENDITURES	23,584,900	33,876,000	33,993,900	23,566,300	23,632,700

The Division of Secondary Vocational Education provides technical assistance, consultative services, staff development and program monitoring to secondary vocational education programs in local school districts and area vocational education centers.

The Carl D. Perkins Vocational and Applied Technology Education Act provides federal vocational educational funds to local school districts offering approved secondary vocational education programs. The Division of Secondary Vocational Education administers these funds according to guidelines prescribed in Public Law 98-254.

Funding is provided to districts operating a local vocational school or vocational department within a school to help cover the administrative and operational costs of providing the vocational programs.

The Future Farmers of American (FFA) Camp facility at Hardinsburg provides leadership development to vocational organizations in the summer months. Participants generally spend three to five days at FFA Camp and receive intensive leadership training.

Department of Education					
Learning and Results Services					
Special Instructional Services					
Federal Program and Instructional Equity					
	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	11,228				
Current Receipts	6,772	18,000	18,000	18,000	18,000
Total Restricted Funds	18,000	18,000	18,000	18,000	18,000
Federal Funds					
Current Receipts	263,722,900	263,801,600	263,887,700	263,688,600	263,688,600
Total Federal Funds	263,722,900	263,801,600	263,887,700	263,688,600	263,688,600
TOTAL SOURCE OF FUNDS	263,740,900	263,819,600	263,905,700	263,706,600	263,706,600
EXPENDITURES BY CLASS					
Personnel Cost	1,329,600	1,457,900	1,544,000	1,344,900	1,344,900
Operating Expenses	618,000	618,000	618,000	618,000	618,000
Grants, Loans or Benefits	261,793,300	261,743,700	261,743,700	261,743,700	261,743,700
TOTAL EXPENDITURES	263,740,900	263,819,600	263,905,700	263,706,600	263,706,600
EXPENDITURES BY FUND SOURCE					
Restricted Funds	18,000	18,000	18,000	18,000	18,000
Federal Funds	263,722,900	263,801,600	263,887,700	263,688,600	263,688,600
TOTAL EXPENDITURES	263,740,900	263,819,600	263,905,700	263,706,600	263,706,600
EXPENDITURES BY UNIT					
Title I	201,451,000	201,529,700	201,615,800	201,416,700	201,416,700
Title V	7,000,800	7,000,800	7,000,800	7,000,800	7,000,800
Other Federal Programs	55,289,100	55,289,100	55,289,100	55,289,100	55,289,100
TOTAL EXPENDITURES	263,740,900	263,819,600	263,905,700	263,706,600	263,706,600

The Division of Federal Program Resources administers many of the Department of Education's federal grant programs.

The Chapter I program provides remedial and supplementary educational services to disadvantaged students who meet at least one of the following criteria: educationally deprived, migrant, neglected or delinquent, handicapped and currently or formerly institutionalized, or confined in a correctional facility.

Chapter II of the Education Consolidation and Improvement Act of 1981 identifies six purposes for which funds must be targeted: programs for at-risk students; programs to acquire and use instructional materials; innovative programs for school-wide improvements, including effective schools programs; professional development programs; programs to enhance personal excellence of students and student achievement; and other innovative projects to enhance the educational climate of the school. These funds are provided to local educational agencies and participating private non-profit schools by a formula established in the federal law.

Other grant programs administered by this division include: Drug-Free Schools and Communities program and the Foreign Language Assistance program.

**Department of Education
Learning and Results Services
Special Instructional Services
Kentucky School for the Blind**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	6,657,100	7,814,800	8,271,400	7,223,900	7,523,700
Total General Fund	6,657,100	7,814,800	8,271,400	7,223,900	7,523,700
Restricted Funds					
Balance Forward	6,713				
Current Receipts	43,287	50,000	50,000	50,000	50,000
Total Restricted Funds	50,000	50,000	50,000	50,000	50,000
TOTAL SOURCE OF FUNDS	6,707,100	7,864,800	8,321,400	7,273,900	7,573,700
EXPENDITURES BY CLASS					
Personnel Cost	6,277,100	7,196,100	7,652,700	6,672,100	6,968,200
Operating Expenses	430,000	668,700	668,700	601,800	605,500
TOTAL EXPENDITURES	6,707,100	7,864,800	8,321,400	7,273,900	7,573,700
EXPENDITURES BY FUND SOURCE					
General Fund	6,657,100	7,814,800	8,271,400	7,223,900	7,523,700
Restricted Funds	50,000	50,000	50,000	50,000	50,000
TOTAL EXPENDITURES	6,707,100	7,864,800	8,321,400	7,273,900	7,573,700

The four subprograms of the Kentucky School for the Blind are Instruction, Residential, Operational Support and Outreach. These subprograms work together to provide instructional and residential programs for students of the School. All four subprograms involve both direct services to students and related services that are necessary to accomplish the direct services.

Instruction and Related Services includes supervision, teaching, supplies, equipment, and clerical services, all of which are needed for the regular instruction of the students enrolled at the Kentucky School for the Blind. Tools utilized are Braille, large print, electronic aids, and other special aids and methods for teaching basic academic skills, vocational skills, self-care skills, orientation and mobility, music, physical education, athletics, and counseling.

Residential Services include those services which are needed to provide housing, daily living skills, and leisure time activities for students who reside at the Kentucky School for the Blind. This subprogram also deals with transportation arrangements when residential students go home on weekends and at the end of the school year.

Operational Support includes administration, business management, food service, housekeeping, utilities and other operating expenses, maintenance of buildings and grounds, and health care. The positions of Superintendent and Coordinator of Instruction and Related Services are included in this subprogram.

The Outreach program provides consultative, technical, and evaluative support to local school districts relating to education of students who are blind or visually impaired.

Federal Support includes funds to support federally mandated services. Funds received under Chapter I of the Education Consolidation and Improvement Act are used to provide services in the areas of speech therapy and basic skill instruction. Federal funds are also used to provide instruction and residential services for deaf-blind children.

**Department of Education
Learning and Results Services
Special Instructional Services
Kentucky School for the Deaf**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	9,304,200	10,924,400	11,587,800	9,896,200	10,201,100
Total General Fund	9,304,200	10,924,400	11,587,800	9,896,200	10,201,100
Restricted Funds					
Balance Forward	18,235				
Current Receipts	226,965	245,200	245,200	245,200	245,200
Total Restricted Funds	245,200	245,200	245,200	245,200	245,200
TOTAL SOURCE OF FUNDS	9,549,400	11,169,600	11,833,000	10,141,400	10,446,300
EXPENDITURES BY CLASS					
Personnel Cost	9,043,000	10,325,500	10,988,900	9,553,800	9,854,000
Operating Expenses	506,400	844,100	844,100	587,600	592,300
TOTAL EXPENDITURES	9,549,400	11,169,600	11,833,000	10,141,400	10,446,300
EXPENDITURES BY FUND SOURCE					
General Fund	9,304,200	10,924,400	11,587,800	9,896,200	10,201,100
Restricted Funds	245,200	245,200	245,200	245,200	245,200
TOTAL EXPENDITURES	9,549,400	11,169,600	11,833,000	10,141,400	10,446,300

The Kentucky School for the Deaf (KSD) provides educational services to deaf children who cannot be served by local school districts. The School's educational program consists of appropriate classroom instruction, life skills, physical education, and vocational training. Students receive instruction in accordance with their Individual Education Plan that emphasizes language and communication skills development.

Students at the Kentucky School for the Deaf are housed in campus dormitories supervised by houseparents. The students receive practical living skill instruction in personal safety, hygiene, and independent living skills.

The Kentucky School for the Deaf also supports an outreach program which provides consultative, technical, and evaluative support to local school districts on how to provide effective educational services to deaf children attending school in a local district. The KSD is designated the Statewide Educational Resource Center on Deafness.

**Department of Education
Learning and Results Services
Leadership and School Improvement**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	65,717,700	73,605,100	72,092,300	71,284,700	71,370,200
Reorganization Adjustments	90,200				
Total General Fund	65,807,900	73,605,100	72,092,300	71,284,700	71,370,200
Restricted Funds					
Current Receipts	5,000	5,000	5,000	5,000	5,000
Total Restricted Funds	5,000	5,000	5,000	5,000	5,000
Federal Funds					
Current Receipts	15,304,400	15,304,400	15,304,400	15,304,400	15,304,400
Non-Revenue Receipts	670,900	670,900	670,900	670,900	670,900
Total Federal Funds	15,975,300	15,975,300	15,975,300	15,975,300	15,975,300
TOTAL SOURCE OF FUNDS	81,788,200	89,585,400	88,072,600	87,265,000	87,350,500
EXPENDITURES BY CLASS					
Personnel Cost	7,785,000	8,747,500	8,939,700	8,013,700	8,099,200
Operating Expenses	1,007,900	1,535,200	1,535,200	967,200	967,200
Grants, Loans or Benefits	72,995,300	79,302,700	77,597,700	78,284,100	78,284,100
TOTAL EXPENDITURES	81,788,200	89,585,400	88,072,600	87,265,000	87,350,500
EXPENDITURES BY FUND SOURCE					
General Fund	65,807,900	73,605,100	72,092,300	71,284,700	71,370,200
Restricted Funds	5,000	5,000	5,000	5,000	5,000
Federal Funds	15,975,300	15,975,300	15,975,300	15,975,300	15,975,300
TOTAL EXPENDITURES	81,788,200	89,585,400	88,072,600	87,265,000	87,350,500
EXPENDITURES BY UNIT					
Associate Commissioner	553,000	582,900	613,000	519,500	532,900
Leadership and Instructional Support	71,175,700	75,224,200	75,308,200	76,531,900	76,568,900
Scholastic Assistance	7,491,200	11,008,000	9,346,800	7,619,300	7,637,000
Educator Quality and Diversity	2,568,300	2,770,300	2,804,600	2,594,300	2,611,700
TOTAL EXPENDITURES	81,788,200	89,585,400	88,072,600	87,265,000	87,350,500

The Office of Leadership and School Improvement consists of the following divisions: Leadership and Instructional Support, Scholastic Assistance, and Educator Quality and Diversity.

The Division of Leadership and Instructional Support provides and monitors required training opportunities for superintendents working in their first year of service, provides technical assistance for approval of the certified personnel evaluation plans for each local school district, provides required opportunities for school administrators and others to be trained in the process of effective evaluation of certified personnel, collects and approves all proposals of training opportunities to provide required leadership training for school administrators, develops and implements training programs for principals, provides initial and continuing training for school-based councils, and collects and analyzes data relative to each of the above initiatives.

The Division of Scholastic Assistance administers the Kentucky Highly Skilled Educators program and assists those schools identified by the CATS assessment and the Kentucky Board of Education as low-performing schools. Part of such assistance

is provided via the Commonwealth School Improvement Fund; funds are provided schools to assist in developing and implementing strategies to raise a school's performance level.

The Division of Educator Quality and Diversity works to identify and recruit persons to teach in Kentucky's public schools and also to address the gap between minority students and the number of minority educators. The Division assists local school districts in organizing Future Educator (FEA) of America clubs to provide middle and high school students an opportunity to develop mentoring relationships with educators and to offer assistance to those interested in education as their college major. Kentucky currently has the most chartered FEA chapters in the nation.

**Department of Education
Learning and Results Services
Assessment and Accountability**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	11,265,600	19,773,500	21,045,100	11,398,600	11,471,800
Reorganization Adjustments	58,800				
Total General Fund	11,324,400	19,773,500	21,045,100	11,398,600	11,471,800
Federal Funds					
Current Receipts	13,853,900	13,853,900	13,853,900	13,853,900	13,853,900
Total Federal Funds	13,853,900	13,853,900	13,853,900	13,853,900	13,853,900
TOTAL SOURCE OF FUNDS	25,178,300	33,627,400	34,899,000	25,252,500	25,325,700
EXPENDITURES BY CLASS					
Personnel Cost	24,451,100	24,988,800	25,105,900	24,525,300	24,598,500
Operating Expenses	469,700	469,700	469,700	469,700	469,700
Grants, Loans or Benefits	257,500	8,168,900	9,323,400	257,500	257,500
TOTAL EXPENDITURES	25,178,300	33,627,400	34,899,000	25,252,500	25,325,700
EXPENDITURES BY FUND SOURCE					
General Fund	11,324,400	19,773,500	21,045,100	11,398,600	11,471,800
Federal Funds	13,853,900	13,853,900	13,853,900	13,853,900	13,853,900
TOTAL EXPENDITURES	25,178,300	33,627,400	34,899,000	25,252,500	25,325,700
EXPENDITURES BY UNIT					
Associate Commissioner	367,700	4,507,500	5,592,700	434,100	458,900
Assessment Implementation	7,241,100	7,420,800	7,468,700	7,228,700	7,246,700
Assessment Support	17,569,500	21,699,100	21,837,600	17,589,700	17,620,100
TOTAL EXPENDITURES	25,178,300	33,627,400	34,899,000	25,252,500	25,325,700

The Office of Assessment and Accountability is responsible for developing and implementing the Commonwealth Accountability Testing System (CATS) established in KRS 158.645. The test is the primary means of gauging progress by schools and districts toward the goal of proficiency by 2014 based on standards established by the Kentucky Board of Education. The Office consists of the Division of Assessment Implementation and the Division of Assessment Support.

The Division of Assessment Implementation operates the Commonwealth Accountability Testing System (CATS) and coordinates the logistics of the assessment program at the district level. This involves managing and generating data necessary to report assessment results on which accountability performance judgments must be based. The Division determines procedures for administering the test. It distributes the test materials to local districts and collects them for grading. The Division also helps district administrators make effective use of the assessment results.

The Division of Assessment Support gathers information to establish the validity of the Commonwealth Assessment and Testing Program (CATS). Validation studies include reviews of the consistency of student results across multiple measures and the potential for all scores to yield fair, consistent, and accurate student performance level and school accountability decisions. The Division also reviews the accuracy of scores assigned to students and schools as well as accuracy of the testing materials.

**Department of Education
Learning and Results Services
Teaching and Learning**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	160,141,000	261,651,800	258,833,700	139,058,400	139,198,800
Continuing Appropriation	20,700,100				
Budget Reduction	-11,554,700				
Base Deduction	-12,000,000				
Reorganization Adjustments	250,900				
Total General Fund	157,537,300	261,651,800	258,833,700	139,058,400	139,198,800
Tobacco Settlement-Phase I					
Tobacco Settlement - I	1,508,400	1,508,400	1,508,400	1,525,000	1,525,000
Continuing Appropriation	1,258,800				
Other	100,000				
Total Tobacco Settlement-Phase I	2,867,200	1,508,400	1,508,400	1,525,000	1,525,000
Restricted Funds					
Balance Forward	150,000				
Current Receipts	424,000	574,000	574,000	574,000	574,000
Total Restricted Funds	574,000	574,000	574,000	574,000	574,000
Federal Funds					
Current Receipts	26,704,400	26,704,400	26,704,400	26,704,400	26,704,400
Non-Revenue Receipts	11,293,900	11,293,900	11,293,900	11,293,900	11,293,900
Total Federal Funds	37,998,300	37,998,300	37,998,300	37,998,300	37,998,300
TOTAL SOURCE OF FUNDS	198,976,800	301,732,500	298,914,400	179,155,700	179,296,100
EXPENDITURES BY CLASS					
Personnel Cost	5,021,400	7,118,300	7,450,200	5,172,100	5,312,500
Operating Expenses	1,056,500	1,070,300	1,070,300	1,194,900	1,194,900
Grants, Loans or Benefits	192,898,900	293,543,900	290,393,900	172,788,700	172,788,700
TOTAL EXPENDITURES	198,976,800	301,732,500	298,914,400	179,155,700	179,296,100
EXPENDITURES BY FUND SOURCE					
General Fund	157,537,300	261,651,800	258,833,700	139,058,400	139,198,800
Tobacco Settlement-Phase I	2,867,200	1,508,400	1,508,400	1,525,000	1,525,000
Restricted Funds	574,000	574,000	574,000	574,000	574,000
Federal Funds	37,998,300	37,998,300	37,998,300	37,998,300	37,998,300
TOTAL EXPENDITURES	198,976,800	301,732,500	298,914,400	179,155,700	179,296,100
EXPENDITURES BY UNIT					
Associate Commissioner	524,100	1,028,200	1,071,200	613,600	630,800
Math Achievement	6,900,900	53,100,000	51,860,000	6,900,000	6,900,000
Save the Children	500,000	500,000	500,000	500,000	500,000
Leadership and Mentoring Fund	381,500	381,500	381,500	381,500	381,500
Teacher Academies	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000
Reading First	19,604,200	19,604,200	19,604,200	19,604,200	19,604,200
Middle School Achievement Center	387,500	387,500	387,500	387,500	387,500
Elementary Arts & Humanities	484,400	484,400	484,400	484,400	484,400
Curriculum Development	11,967,100	24,007,700	24,144,400	11,986,100	12,039,400
Secondary and Virtual Learning	2,268,100	5,920,100	7,317,600	2,296,100	2,329,000
Dropout Prevention	782,800	782,800	782,800	782,800	782,800
Professional Growth Fund	994,700	3,925,300	3,925,300	994,700	994,700
Extended Learning Services	32,210,900	32,348,900	32,374,900	13,625,200	13,636,300
Read to Achieve	23,633,200	51,370,000	48,130,000	23,558,100	23,558,100
Every 1 Reads	500,000	500,000	500,000	500,000	500,000

Collaborative Center for Literacy Development	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000
Early Childhood Development	94,737,400	104,291,900	104,350,600	93,441,500	93,467,400
Appalachian Tutoring Program	100,000	100,000	100,000	100,000	100,000
TOTAL EXPENDITURES	<u>198,976,800</u>	<u>301,732,500</u>	<u>298,914,400</u>	<u>179,155,700</u>	<u>179,296,100</u>

The Office of Teaching and Learning consists of the Divisions of Curriculum Development, Secondary and Virtual Learning, and Early Childhood Development. This office is also responsible for development of items for the Kentucky Core Content Test and providing curriculum materials to local educators as they develop teaching plans and implement the Kentucky Core Content Test.

**Department of Education
Learning and Results Services
Teaching and Learning
Associate Commissioner**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	524,100	1,028,200	1,071,200	613,600	630,800
Total General Fund	524,100	1,028,200	1,071,200	613,600	630,800
TOTAL SOURCE OF FUNDS	524,100	1,028,200	1,071,200	613,600	630,800
EXPENDITURES BY CLASS					
Personnel Cost	524,100	712,000	755,000	597,400	614,600
Operating Expenses		16,200	16,200	16,200	16,200
Grants, Loans or Benefits		300,000	300,000		
TOTAL EXPENDITURES	524,100	1,028,200	1,071,200	613,600	630,800
EXPENDITURES BY FUND SOURCE					
General Fund	524,100	1,028,200	1,071,200	613,600	630,800
TOTAL EXPENDITURES	524,100	1,028,200	1,071,200	613,600	630,800

The Associate Commissioner of the Office of Teaching and Learning oversees the activities of the Divisions of Curriculum, Secondary and Virtual Learning, and Early Childhood Development. The Associate Commissioner also oversees and provides leadership to many of the individual programs critical to schools' ability to reach proficiency by 2014.

**Department of Education
Learning and Results Services
Teaching and Learning
Math Achievement**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	6,900,000	53,100,000	51,860,000	6,900,000	6,900,000
Continuing Appropriation	4,200,900				
Base Deduction	-4,200,000				
Total General Fund	6,900,900	53,100,000	51,860,000	6,900,000	6,900,000
TOTAL SOURCE OF FUNDS	6,900,900	53,100,000	51,860,000	6,900,000	6,900,000
EXPENDITURES BY CLASS					
Grants, Loans or Benefits	6,900,900	53,100,000	51,860,000	6,900,000	6,900,000
TOTAL EXPENDITURES	6,900,900	53,100,000	51,860,000	6,900,000	6,900,000
EXPENDITURES BY FUND SOURCE					
General Fund	6,900,900	53,100,000	51,860,000	6,900,000	6,900,000
TOTAL EXPENDITURES	6,900,900	53,100,000	51,860,000	6,900,000	6,900,000

The Mathematics Achievement Fund was created by the 2005 Regular Session of the General Assembly (KRS 158.840 - 158.844) to provide developmentally appropriate diagnostic assessment and intervention services to P-12 students to help them reach proficiency in math. The Fund enables training of teachers in diagnostic assessment and intervention skills needed to assist students struggling with math. The Fund provides two-year renewable grants to local school districts for this purpose. To qualify, a district must employ standards-based and research-based math instructional practices, use intervention and support services to supplement and not replace regular classroom instruction, and provide intervention services to primary program and other students at risk of mathematics failure based on ongoing assessments of their needs.

**Department of Education
Learning and Results Services
Teaching and Learning
Save the Children**

	<u>Revised FY 2008</u>	<u>Requested FY 2009</u>	<u>Requested FY 2010</u>	<u>Recommended FY 2009</u>	<u>Recommended FY 2010</u>
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	500,000	500,000	500,000	500,000	500,000
Total General Fund	500,000	500,000	500,000	500,000	500,000
TOTAL SOURCE OF FUNDS	500,000	500,000	500,000	500,000	500,000
EXPENDITURES BY CLASS					
Grants, Loans or Benefits	500,000	500,000	500,000	500,000	500,000
TOTAL EXPENDITURES	500,000	500,000	500,000	500,000	500,000
EXPENDITURES BY FUND SOURCE					
General Fund	500,000	500,000	500,000	500,000	500,000
TOTAL EXPENDITURES	500,000	500,000	500,000	500,000	500,000

The Kentucky Rural Literacy Initiative is a public/private partnership initiated by the Save the Children organization.

Save the Children selects schools and partners across the nation to implement structured after-school and summer literacy programs. In Kentucky, with state funding beginning in the 2005-06 school year, program sites have been established at elementary schools in Clay, Knott, Letcher, McCreary, Owsley, and Whitley counties. Save the Children works directly with Family Resource and Youth Service Centers and the Kentucky Department of Education.

**Department of Education
Learning and Results Services
Teaching and Learning
Leadership and Mentoring Fund**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	381,500	381,500	381,500	381,500	381,500
Total General Fund	381,500	381,500	381,500	381,500	381,500
TOTAL SOURCE OF FUNDS	381,500	381,500	381,500	381,500	381,500
EXPENDITURES BY CLASS					
Grants, Loans or Benefits	381,500	381,500	381,500	381,500	381,500
TOTAL EXPENDITURES	381,500	381,500	381,500	381,500	381,500
EXPENDITURES BY FUND SOURCE					
General Fund	381,500	381,500	381,500	381,500	381,500
TOTAL EXPENDITURES	381,500	381,500	381,500	381,500	381,500

Under the provisions of KRS 157.390, the Professional Development Leadership and Mentor Fund provides competitive grants to pay teachers and administrators to develop and implement an action plan for improving the reading and math performance of students. Grants are awarded by a committee of reading and math experts and provide reading and math mentors and coaches in qualifying districts and schools.

**Department of Education
Learning and Results Services
Teaching and Learning
Teacher Academies**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000
Total General Fund	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000
TOTAL SOURCE OF FUNDS	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000
EXPENDITURES BY CLASS					
Grants, Loans or Benefits	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000
TOTAL EXPENDITURES	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000
EXPENDITURES BY FUND SOURCE					
General Fund	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000
TOTAL EXPENDITURES	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000

Teacher Academies provide intensive, content-based professional development to teachers, particularly teachers who are teaching core discipline courses for which they do not have a college major or minor. Academies are operated in collaboration with postsecondary and community educational partners. The academy experience includes a pre-academy day in which teachers identify topics of study, the five-day academy, and two follow-up days during the school year.

The focus of the Teacher Academies is informed by data from the CATS assessment as well as evaluative data from previous academies. Teachers work through a unit of study and adapt it for their specific content and grade level, employ it in their classrooms, and bring examples of student work to follow-up sessions for refinement of the units. The units are then made accessible via the Internet for use by other teachers.

**Department of Education
Learning and Results Services
Teaching and Learning
Reading First**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
Federal Funds					
Current Receipts	19,604,200	19,604,200	19,604,200	19,604,200	19,604,200
Total Federal Funds	19,604,200	19,604,200	19,604,200	19,604,200	19,604,200
TOTAL SOURCE OF FUNDS	19,604,200	19,604,200	19,604,200	19,604,200	19,604,200
EXPENDITURES BY CLASS					
Grants, Loans or Benefits	19,604,200	19,604,200	19,604,200	19,604,200	19,604,200
TOTAL EXPENDITURES	19,604,200	19,604,200	19,604,200	19,604,200	19,604,200
EXPENDITURES BY FUND SOURCE					
Federal Funds	19,604,200	19,604,200	19,604,200	19,604,200	19,604,200
TOTAL EXPENDITURES	19,604,200	19,604,200	19,604,200	19,604,200	19,604,200

Reading First is a federal initiative contained within the No Child Left Behind Act. The program's goal is to have every child reading at grade level by the time of entry to the fourth grade.

The Department of Education is overseeing implementation of Kentucky's Reading First grant. Ten Reading First coaches and eleven regional Literacy Specialists have assisted the Department through a partnership with Kentucky's public universities and the Collaborative Center for Literacy Development. Local schools and school districts have been provided technical assistance on the requirements of Reading First and information about research-based reading intervention programs, assessments to diagnose reading progress, and professional development.

**Department of Education
Learning and Results Services
Teaching and Learning
Middle School Achievement Center**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	387,500	387,500	387,500	387,500	387,500
Total General Fund	387,500	387,500	387,500	387,500	387,500
TOTAL SOURCE OF FUNDS	387,500	387,500	387,500	387,500	387,500
EXPENDITURES BY CLASS					
Grants, Loans or Benefits	387,500	387,500	387,500	387,500	387,500
TOTAL EXPENDITURES	387,500	387,500	387,500	387,500	387,500
EXPENDITURES BY FUND SOURCE					
General Fund	387,500	387,500	387,500	387,500	387,500
TOTAL EXPENDITURES	387,500	387,500	387,500	387,500	387,500

The purpose of the statewide collaborative Center for Middle School Academic Achievement is to improve the content knowledge and instructional practices of middle level teachers through the coordination of professional development, technical assistance, and dissemination of knowledge and practices leading to more effective teaching in the middle grades.

The Center has four goals:

- Collaboration - facilitating the Kentucky Forum to Accelerate Middle Grades Reform. The Forum involves teachers, teacher educators, principals, professional organizations, the Council on Postsecondary Education, and the Education Professional Standards Board.
- Recruitment and Retention - working with student organizations and the Higher Education Network to recruit and support middle school teachers for Kentucky's schools.
- Support Higher Education - building a network of middle level higher education instructors based on a foundation established through the Middle Level Symposium for pre-service and new teachers held every other year.
- Research - creating a report on the state of middle schools in Kentucky and providing mini-grants for research projects based on middle grades.

**Department of Education
Learning and Results Services
Teaching and Learning
Elementary Arts & Humanities**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	484,400	484,400	484,400	484,400	484,400
Total General Fund	484,400	484,400	484,400	484,400	484,400
TOTAL SOURCE OF FUNDS	484,400	484,400	484,400	484,400	484,400
EXPENDITURES BY CLASS					
Grants, Loans or Benefits	484,400	484,400	484,400	484,400	484,400
TOTAL EXPENDITURES	484,400	484,400	484,400	484,400	484,400
EXPENDITURES BY FUND SOURCE					
General Fund	484,400	484,400	484,400	484,400	484,400
TOTAL EXPENDITURES	484,400	484,400	484,400	484,400	484,400

The 2003 Regular Session of the General Assembly instituted a program promoting integration of the arts and foreign languages as a means of strengthening the overall learning environment in the elementary school program.

**Department of Education
Learning and Results Services
Teaching and Learning
Curriculum Development**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	9,388,800	21,547,700	21,684,400	9,526,100	9,579,400
Reorganization Adjustments	118,300				
Total General Fund	9,507,100	21,547,700	21,684,400	9,526,100	9,579,400
Federal Funds					
Current Receipts	2,460,000	2,460,000	2,460,000	2,460,000	2,460,000
Total Federal Funds	2,460,000	2,460,000	2,460,000	2,460,000	2,460,000
TOTAL SOURCE OF FUNDS	11,967,100	24,007,700	24,144,400	11,986,100	12,039,400
EXPENDITURES BY CLASS					
Personnel Cost	1,485,000	3,404,100	3,540,800	1,504,000	1,557,300
Operating Expenses	185,200	185,200	185,200	185,200	185,200
Grants, Loans or Benefits	10,296,900	20,418,400	20,418,400	10,296,900	10,296,900
TOTAL EXPENDITURES	11,967,100	24,007,700	24,144,400	11,986,100	12,039,400
EXPENDITURES BY FUND SOURCE					
General Fund	9,507,100	21,547,700	21,684,400	9,526,100	9,579,400
Federal Funds	2,460,000	2,460,000	2,460,000	2,460,000	2,460,000
TOTAL EXPENDITURES	11,967,100	24,007,700	24,144,400	11,986,100	12,039,400
EXPENDITURES BY UNIT					
Curriculum Development	1,641,500	3,560,600	3,697,300	1,660,500	1,713,800
Gifted and Talented	7,121,500	17,243,000	17,243,000	7,121,500	7,121,500
Gifted and Talented Advisory Council	48,700	48,700	48,700	48,700	48,700
Commonwealth Institute for Teachers	85,100	85,100	85,100	85,100	85,100
Limited English Proficiency	2,460,000	2,460,000	2,460,000	2,460,000	2,460,000
Writing Program	610,300	610,300	610,300	610,300	610,300
TOTAL EXPENDITURES	11,967,100	24,007,700	24,144,400	11,986,100	12,039,400

The Kentucky Education Reform Act of 1990 directed development of a curriculum framework by the Department of Education to assist educators in moving toward the learning goals established by the Act. Since that time, the Division of Curriculum Development has participated in developing all major documents used by teachers and schools in organizing their curricula. Technical assistance resources and professional development is provided to schools and districts to improve student achievement by utilization of research-based instructional practices.

Curriculum Development deploys content consultants to work with local districts, schools and teachers with a focus on the goal of all students reaching proficiency by 2014.

Resources have been developed in support of the goals of the No Child Left Behind Act, particularly in the areas of reading and mathematics achievement in grades three through eight. The division also contains staff with responsibility for Reading First, the K-3 cornerstone of No Child Left Behind.

**Department of Education
Learning and Results Services
Teaching and Learning
Secondary and Virtual Learning**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,561,500	5,346,100	6,743,600	1,722,100	1,755,000
Reorganization Adjustments	132,600				
Total General Fund	1,694,100	5,346,100	6,743,600	1,722,100	1,755,000
Restricted Funds					
Balance Forward	150,000				
Current Receipts	424,000	574,000	574,000	574,000	574,000
Total Restricted Funds	574,000	574,000	574,000	574,000	574,000
TOTAL SOURCE OF FUNDS	2,268,100	5,920,100	7,317,600	2,296,100	2,329,000
EXPENDITURES BY CLASS					
Personnel Cost	1,481,100	1,563,100	1,630,600	1,414,100	1,447,000
Operating Expenses	95,000	95,000	95,000	190,000	190,000
Grants, Loans or Benefits	692,000	4,262,000	5,592,000	692,000	692,000
TOTAL EXPENDITURES	2,268,100	5,920,100	7,317,600	2,296,100	2,329,000
EXPENDITURES BY FUND SOURCE					
General Fund	1,694,100	5,346,100	6,743,600	1,722,100	1,755,000
Restricted Funds	574,000	574,000	574,000	574,000	574,000
TOTAL EXPENDITURES	2,268,100	5,920,100	7,317,600	2,296,100	2,329,000

The Kentucky Virtual High School (KVHS) works with local school districts in offering a wider range of courses to meet student needs. The availability of KVHS courses on the Internet provides opportunities for students to take courses not taught in their schools due to teacher shortages, too few interested students, lack of a qualified instructor, or irresolvable schedule conflicts. Kentucky Virtual High School courses are available to homebound students, students making up failed credits, and students in alternative education settings.

The Kentucky Virtual Advanced Placement Academy assists high schools in offering a core curriculum of Advanced Placement, International Baccalaureate, dual credit and dual enrollment courses so all students have the opportunity to earn college credit while still in high school.

Kentucky Virtual High School teachers are certified in their content areas and all KVHS courses meet state curriculum standards. When a student completes a course, KVHS sends a final numeric score to the principal of the student's local school. The local school grants the credit and posts the grade according to district and school policy.

The facilities of the KVHS are also used to offer online professional development to educators.

**Department of Education
Learning and Results Services
Teaching and Learning
Dropout Prevention**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	782,800	782,800	782,800	782,800	782,800
Total General Fund	782,800	782,800	782,800	782,800	782,800
TOTAL SOURCE OF FUNDS	782,800	782,800	782,800	782,800	782,800
EXPENDITURES BY CLASS					
Operating Expenses	61,900	61,900	61,900	61,900	61,900
Grants, Loans or Benefits	720,900	720,900	720,900	720,900	720,900
TOTAL EXPENDITURES	782,800	782,800	782,800	782,800	782,800
EXPENDITURES BY FUND SOURCE					
General Fund	782,800	782,800	782,800	782,800	782,800
TOTAL EXPENDITURES	782,800	782,800	782,800	782,800	782,800

Dropout Prevention funds are awarded based on the basis of competitive grants by local school districts. The current focus is on research-based programs that offer the most support to students at risk of dropping out of school. The current grant application process emphasizes programs that focus on a given number of students based on criteria identifying the most important needs of each student and providing individualized attention to the student's personal and emotional situation as well as his or her academic status.

**Department of Education
Learning and Results Services
Teaching and Learning
Professional Growth Fund**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	3,925,300	3,925,300	3,925,300	994,700	994,700
Continuing Appropriation	7,250,700				
Budget Reduction	-10,181,300				
Total General Fund	994,700	3,925,300	3,925,300	994,700	994,700
TOTAL SOURCE OF FUNDS	994,700	3,925,300	3,925,300	994,700	994,700
EXPENDITURES BY CLASS					
Grants, Loans or Benefits	994,700	3,925,300	3,925,300	994,700	994,700
TOTAL EXPENDITURES	994,700	3,925,300	3,925,300	994,700	994,700
EXPENDITURES BY FUND SOURCE					
General Fund	994,700	3,925,300	3,925,300	994,700	994,700
TOTAL EXPENDITURES	994,700	3,925,300	3,925,300	994,700	994,700

The Teachers' Professional Growth Fund provides teachers with opportunities for high quality professional development in content knowledge and teaching methodologies in the core disciplines of mathematics, science, language arts and social studies.

**Department of Education
Learning and Results Services
Teaching and Learning
Extended Learning Services**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	32,210,900	32,348,900	32,374,900	13,625,200	13,636,300
Total General Fund	32,210,900	32,348,900	32,374,900	13,625,200	13,636,300
TOTAL SOURCE OF FUNDS	32,210,900	32,348,900	32,374,900	13,625,200	13,636,300
EXPENDITURES BY CLASS					
Personnel Cost	275,800	413,800	439,800	320,900	332,000
Operating Expenses	75,600	75,600	75,600	75,600	75,600
Grants, Loans or Benefits	31,859,500	31,859,500	31,859,500	13,228,700	13,228,700
TOTAL EXPENDITURES	32,210,900	32,348,900	32,374,900	13,625,200	13,636,300
EXPENDITURES BY FUND SOURCE					
General Fund	32,210,900	32,348,900	32,374,900	13,625,200	13,636,300
TOTAL EXPENDITURES	32,210,900	32,348,900	32,374,900	13,625,200	13,636,300

The Kentucky Education Reform Act of 1990, via KRS 158.070, established Extended School Services (ESS) for struggling learners who need additional instructional time and assistance to achieve their learning goals. The program offers instructional time outside regular school hours and takes many forms, including after-school and before-school instruction, evening sessions, Saturday learning activities, summer programs, and intersessions in year-round schools. After-school programs and summer programs are the most popular schedules provided by the schools.

The ESS program serves K-12 students in all 174 school districts and approximately 1,200 public schools. Students are referred for a wide range of subjects including reading, mathematics (basic, algebra, calculus, and geometry), science, social studies, vocational/practical living, arts and humanities, writing, and language arts. Many students receive ESS assistance in more than one subject area. The majority of students are referred to ESS for reading, mathematics, writing, and science.

The Kentucky Education Reform Act also established a comprehensive preschool program for two groups of children: four-year-old children whose families meet free-lunch income guidelines and three and four-year-old children with developmental delays or other disabilities. School districts must assure that services are available for these children through a program operated by the district or by contract or collaborative agreement with another agency. Services include: a developmentally appropriate half-day preschool class, transportation, complementary parent education, nutrition, health and developmental screening, and coordination of health and social services.

**Department of Education
Learning and Results Services
Teaching and Learning
Read to Achieve**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	23,558,100	51,370,000	48,130,000	23,558,100	23,558,100
Continuing Appropriation	9,248,500				
Budget Reduction	-1,373,400				
Base Deduction	-7,800,000				
Total General Fund	23,633,200	51,370,000	48,130,000	23,558,100	23,558,100
TOTAL SOURCE OF FUNDS	23,633,200	51,370,000	48,130,000	23,558,100	23,558,100
EXPENDITURES BY CLASS					
Grants, Loans or Benefits	23,633,200	51,370,000	48,130,000	23,558,100	23,558,100
TOTAL EXPENDITURES	23,633,200	51,370,000	48,130,000	23,558,100	23,558,100
EXPENDITURES BY FUND SOURCE					
General Fund	23,633,200	51,370,000	48,130,000	23,558,100	23,558,100
TOTAL EXPENDITURES	23,633,200	51,370,000	48,130,000	23,558,100	23,558,100

The Read to Achieve Act focuses on reading diagnostic and intensive reading intervention for struggling readers within the state primary program. The Reading Diagnostic and Intervention Grant program is a competitive program that provides funds to schools to implement research-based reading diagnostic and intervention programs. The early reading intervention program selected by the funded school must be based on reliable, replicable research and offer short-term intensive one-on-one or small group instruction in essential skills necessary for reading proficiency.

**Department of Education
Learning and Results Services
Teaching and Learning
Every 1 Reads**

	<u>Revised FY 2008</u>	<u>Requested FY 2009</u>	<u>Requested FY 2010</u>	<u>Recommended FY 2009</u>	<u>Recommended FY 2010</u>
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	500,000	500,000	500,000	500,000	500,000
Total General Fund	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>
TOTAL SOURCE OF FUNDS	500,000	500,000	500,000	500,000	500,000
EXPENDITURES BY CLASS					
Grants, Loans or Benefits	500,000	500,000	500,000	500,000	500,000
TOTAL EXPENDITURES	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>
EXPENDITURES BY FUND SOURCE					
General Fund	500,000	500,000	500,000	500,000	500,000
TOTAL EXPENDITURES	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>

Every 1 Reads is a collaborative reading initiative between Greater Louisville Inc., Jefferson County Public Schools (JCPS) and Louisville Metro Government to improve literacy in Jefferson County Public Schools students.

**Department of Education
Learning and Results Services
Teaching and Learning
Collaborative Center for Literacy Development**

	<u>Revised FY 2008</u>	<u>Requested FY 2009</u>	<u>Requested FY 2010</u>	<u>Recommended FY 2009</u>	<u>Recommended FY 2010</u>
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000
Total General Fund	<u>1,400,000</u>	<u>1,400,000</u>	<u>1,400,000</u>	<u>1,400,000</u>	<u>1,400,000</u>
TOTAL SOURCE OF FUNDS	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000
EXPENDITURES BY CLASS					
Grants, Loans or Benefits	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000
TOTAL EXPENDITURES	<u>1,400,000</u>	<u>1,400,000</u>	<u>1,400,000</u>	<u>1,400,000</u>	<u>1,400,000</u>
EXPENDITURES BY FUND SOURCE					
General Fund	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000
TOTAL EXPENDITURES	<u>1,400,000</u>	<u>1,400,000</u>	<u>1,400,000</u>	<u>1,400,000</u>	<u>1,400,000</u>

The Collaborative Center for Literacy Development Early Childhood through Adulthood (CCLD) is a partnership among each of the eight state universities and the National Center for Family Literacy to promote literacy. The CCLD, as established by KRS 164.0207, provides a clearinghouse for information about programs addressing reading and literacy from early childhood and the elementary grades (P-5) through adult education, evaluates the impact of reading diagnostic and intervention programs, and provides professional development and coaching for educators.

**Department of Education
Learning and Results Services
Teaching and Learning
Early Childhood Development**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	75,936,100	86,849,400	86,908,100	75,982,400	76,008,300
Total General Fund	75,936,100	86,849,400	86,908,100	75,982,400	76,008,300
Tobacco Settlement-Phase I					
Tobacco Settlement - I	1,508,400	1,508,400	1,508,400	1,525,000	1,525,000
Continuing Appropriation	1,258,800				
Other	100,000				
Total Tobacco Settlement-Phase I	2,867,200	1,508,400	1,508,400	1,525,000	1,525,000
Federal Funds					
Current Receipts	4,640,200	4,640,200	4,640,200	4,640,200	4,640,200
Non-Revenue Receipts	11,293,900	11,293,900	11,293,900	11,293,900	11,293,900
Total Federal Funds	15,934,100	15,934,100	15,934,100	15,934,100	15,934,100
TOTAL SOURCE OF FUNDS	94,737,400	104,291,900	104,350,600	93,441,500	93,467,400
EXPENDITURES BY CLASS					
Personnel Cost	1,255,400	1,025,300	1,084,000	1,335,700	1,361,600
Operating Expenses	638,800	636,400	636,400	666,000	666,000
Grants, Loans or Benefits	92,843,200	102,630,200	102,630,200	91,439,800	91,439,800
TOTAL EXPENDITURES	94,737,400	104,291,900	104,350,600	93,441,500	93,467,400
EXPENDITURES BY FUND SOURCE					
General Fund	75,936,100	86,849,400	86,908,100	75,982,400	76,008,300
Tobacco Settlement-Phase I	2,867,200	1,508,400	1,508,400	1,525,000	1,525,000
Federal Funds	15,934,100	15,934,100	15,934,100	15,934,100	15,934,100
TOTAL EXPENDITURES	94,737,400	104,291,900	104,350,600	93,441,500	93,467,400
EXPENDITURES BY UNIT					
Early Childhood Development	14,655,900	12,982,600	13,023,500	13,322,900	13,338,100
State Funded Preschool	75,441,300	86,669,100	86,686,900	75,478,400	75,489,100
Evenstart	4,640,200	4,640,200	4,640,200	4,640,200	4,640,200
TOTAL EXPENDITURES	94,737,400	104,291,900	104,350,600	93,441,500	93,467,400

The Division of Early Childhood Development coordinates development and continuing activities of Community Early Childhood Councils. The councils work toward implementation of the Kentucky's long-range strategic plan for early childhood development on the local level. The councils build upon existing resources, foster public private partnerships and otherwise work within their communities toward such goals as the availability of high quality, accessible, and affordable early childhood care and education options. The Early Childhood Division provides technical assistance, monitoring, and evaluation of outcomes of the local partnerships and link funding to their effectiveness.

Working with other stakeholders, the Division of Early Childhood Development has assisted in implementing a number of programs within agencies across state government aimed at the needs of young children. Some of the results include more than 1,000 early childhood professionals attending college as well as more than 10,000 families participating in the HANDS voluntary home visiting program leading to the delivery of fewer low birth weight babies.

**Department of Education
Learning and Results Services
Teaching and Learning
Appalachian Tutoring Program**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	100,000	100,000	100,000	100,000	100,000
Total General Fund	100,000	100,000	100,000	100,000	100,000
TOTAL SOURCE OF FUNDS	100,000	100,000	100,000	100,000	100,000
EXPENDITURES BY CLASS					
Grants, Loans or Benefits	100,000	100,000	100,000	100,000	100,000
TOTAL EXPENDITURES	100,000	100,000	100,000	100,000	100,000
EXPENDITURES BY FUND SOURCE					
General Fund	100,000	100,000	100,000	100,000	100,000
TOTAL EXPENDITURES	100,000	100,000	100,000	100,000	100,000

The Appalachian Tutoring program is a specialized tutoring program for students with learning disabilities who are from counties in the Appalachian region.

**Department of Education
Learning and Results Services
District Support Services**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	557,840,600	617,640,700	681,911,100	574,353,500	620,744,100
Total General Fund	557,840,600	617,640,700	681,911,100	574,353,500	620,744,100
Restricted Funds					
Balance Forward	271,547				
Current Receipts	232,553	504,100	504,100	504,100	504,100
Total Restricted Funds	504,100	504,100	504,100	504,100	504,100
Federal Funds					
Current Receipts	221,824,100	222,290,900	222,400,000	221,783,800	221,783,800
Total Federal Funds	221,824,100	222,290,900	222,400,000	221,783,800	221,783,800
TOTAL SOURCE OF FUNDS	780,168,800	840,435,700	904,815,200	796,641,400	843,032,000
EXPENDITURES BY CLASS					
Personnel Cost	5,005,200	7,395,000	7,774,500	5,941,800	6,073,700
Operating Expenses	1,485,900	1,372,000	8,372,000	1,180,700	1,180,700
Grants, Loans or Benefits	767,677,700	831,668,700	888,668,700	789,518,900	835,777,600
TOTAL EXPENDITURES	774,168,800	840,435,700	904,815,200	796,641,400	843,032,000
EXPENDITURES BY FUND SOURCE					
General Fund	551,840,600	617,640,700	681,911,100	574,353,500	620,744,100
Restricted Funds	504,100	504,100	504,100	504,100	504,100
Federal Funds	221,824,100	222,290,900	222,400,000	221,783,800	221,783,800
TOTAL EXPENDITURES	774,168,800	840,435,700	904,815,200	796,641,400	843,032,000
EXPENDITURES BY UNIT					
Associate Commissioner	544,406,400	608,525,300	672,554,300	566,202,800	612,487,100
Facilities Management	598,000	834,000	874,000	662,700	683,200
Nutrition and Health Services	226,100,800	226,567,600	226,676,700	226,060,500	226,060,500
Data Management	1,162,300	1,892,600	1,978,100	1,456,200	1,495,000
District Operations	1,901,300	2,616,200	2,732,100	2,259,200	2,306,200
TOTAL EXPENDITURES	774,168,800	840,435,700	904,815,200	796,641,400	843,032,000

The Office of District Support Services provides administrative and technical assistance on behalf of local school districts throughout the state and consists of the following divisions: Facilities Management, Nutrition and Health Services, Operations, and Data Management.

The Division of Facilities Management reviews, oversees, and approves all new buildings and additions and alterations to existing public school buildings. This division also provides guidance in preparing each local district's facility plan and assists in updating and amending district plans. The Division of Facilities Management compiles information as to local school district construction needs each biennium for use by the School Facilities Construction Commission.

The Division of Nutrition and Health Services oversees the administration of the following National School Lunch Act and Child Nutrition Act programs in local school districts and other eligible agencies: National School Lunch program, School Breakfast program, Special Milk program, Child Care Food program, Summer Food Service program, and the Nutrition Education and Training program.

The Division of Operations provides technical assistance to local school districts on matters of budgeting, accounting,

reporting and composing salary schedules, distributes state SEEK funds to local districts, and provides financial management and accounting assistance. Funding for trips home by students residing at the Kentucky School for the Blind and the Kentucky School for the Deaf is budgeted within this division.

The Division of Data Management develops and maintains organization and consistency of data collected and disseminated by the Kentucky Department of Education. Staff of the Division work with various Department of Education, Council for Postsecondary Education, and Professional Standards Board program areas in analyzing data and determining requirements for data entered in the Department's enterprise data system. The goal is a useful and unified collection of P-16 data that can be accessed by schools, school districts, researchers and others for analysis and informed-decision making. Staff of the Division develop standards for data quality and provides technical assistance and training to staff in various education program areas to ensure data that is timely, complete, and accurate.

Department of Education
Support Education Excellence in Kentucky (SEEK)

	<u>Revised FY 2008</u>	<u>Requested FY 2009</u>	<u>Requested FY 2010</u>	<u>Recommended FY 2009</u>	<u>Recommended FY 2010</u>
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	2,930,595,600	3,350,048,100	3,634,854,900	2,914,863,100	2,887,906,100
Other	-272,000				
Total General Fund	<u>2,930,323,600</u>	<u>3,350,048,100</u>	<u>3,634,854,900</u>	<u>2,914,863,100</u>	<u>2,887,906,100</u>
TOTAL SOURCE OF FUNDS	2,930,323,600	3,350,048,100	3,634,854,900	2,914,863,100	2,887,906,100
EXPENDITURES BY CLASS					
Grants, Loans or Benefits	2,886,552,100	3,350,048,100	3,634,854,900	2,914,863,100	2,887,906,100
TOTAL EXPENDITURES	2,886,552,100	3,350,048,100	3,634,854,900	2,914,863,100	2,887,906,100
EXPENDITURES BY FUND SOURCE					
General Fund	2,886,552,100	3,350,048,100	3,634,854,900	2,914,863,100	2,887,906,100
TOTAL EXPENDITURES	2,886,552,100	3,350,048,100	3,634,854,900	2,914,863,100	2,887,906,100
EXPENDITURES BY UNIT					
Base Funding	2,061,736,400	2,332,877,600	2,583,175,600	2,050,125,800	2,034,629,900
Pupil Transportation	214,752,800	283,252,800	294,752,800	214,752,800	214,752,800
Equalized Facilities	79,335,000	153,585,000	148,680,400	103,832,200	98,448,000
Tier I Equalization	156,417,600	173,317,400	166,890,800	167,959,400	155,805,800
National Board Certification Salary Supplement	2,504,000	2,504,000	2,504,000	2,504,000	2,504,000
State-Run Vocational Schools Reimbursement	23,289,000	23,289,000	23,289,000	23,289,000	23,289,000
Vocational Education Transportation	2,416,900	2,416,900	2,416,900	2,416,900	2,416,900
Local District Teachers' Retirement Match	346,100,400	378,805,400	413,145,400	349,983,000	356,059,700
TOTAL EXPENDITURES	<u>2,886,552,100</u>	<u>3,350,048,100</u>	<u>3,634,854,900</u>	<u>2,914,863,100</u>	<u>2,887,906,100</u>

DEPARTMENT OF EDUCATION
Support Education Excellence in Kentucky

The 1990 General Assembly, responding to the Kentucky Supreme Court's 1989 mandate to equalize funding for public school pupils regardless of economic status or place of birth, created a new mechanism for distributing state support to local school districts. The Support Education Excellence in Kentucky (SEEK) program replaced the Minimum Foundation and Power Equalization programs.

Under the SEEK funding formula, the state sets a fixed base guarantee amount per student in average daily attendance. The guarantee amount to the right, as well as all other numbers in this example, are actual fiscal year 2008 amounts. *Some totals may be affected by rounding.*

BASE PER-PUPIL GUARANTEE

\$3,822	X	587,717 Pupils In Average Daily Attendance	=	\$2,246.3 Million
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The amount of revenue per pupil guaranteed by SEEK is then adjusted upward for each local school district to reflect a set of factors that affect the cost of providing services to pupils.

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AT-RISK ADJUSTMENT

\$3,822 X 15% = \$573	X	295,075 Pupils	=	\$169.2 Million
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An adjustment, 15 percent of the base per-pupil guarantee, is made to reflect the higher than average costs associated with educating economically deprived ("at-risk") students. "At-Risk" is operationally defined as federal free lunch program eligible. The 15 percent adjustment is added to the base per-pupil guarantee amount for such pupils.

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EXCEPTIONAL CHILDREN ADJUSTMENT

SEVERE (\$3,822 X 2.35 Weight = \$8,982 Adjustment)	MODERATE (\$3,822 X 1.17 Weight = \$4,472 Adjustment)	MILD (\$3,822 X 0.24 Weight = \$917 Adjustment)			
X	X	X			
16,288 Pupils	55,742 Pupils	24,920 Pupils			
+	+	=			
<table border="1"> <tr> <td align="center" colspan="3">\$418.4 Million</td> </tr> </table>			\$418.4 Million		
\$418.4 Million					

The per-pupil guarantee is also increased for exceptional children by a series of weights designed to reflect the additional costs of providing services to such pupils. The costs associated with educating exceptional children are based on a count of pupils with different disabilities, a state-determined exceptional pupil-teacher ratio for each disability or related service, and a resulting per-pupil cost.

An adjustment is made for the cost of educating pupils taught at home or in a hospital during the period of their illness or convalescence. Such pupils generate additional funds amounting to the base per-pupil guarantee minus one hundred dollars (otherwise dedicated to capital outlay).

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HOME AND HOSPITAL ADJUSTMENT

$\$3,822 - \$100 =$ $\$3,722$	x	2,370 Pupils	=	\$8.8 Million
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The 2006 Regular Session of the General Assembly, via HB 380 (Executive Branch Appropriations Act), continued a weight based on limited English proficiency (LEP). Based on the higher costs associated with educating LEP students, the weight was established at 9.6 percent of the base per-pupil guarantee.

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LIMITED ENGLISH PROFICIENCY ADJUSTMENT

$\$3,822 \times 9.6\% =$ $\$367$	x	10,535 Pupils	=	\$3.9 Million
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The base per-pupil guarantee is supplemented by the costs determined under the pupil transportation calculation procedures. Pupil transportation calculated costs are based on the number of pupils transported, the geographic characteristics of a given school district and the distribution of pupils along the most efficient routes.

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PUPIL TRANSPORTATION

Number of Students Transported Relative To Geographic Distribution of Students	=	\$214.8 Million
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The base per-pupil guarantee as adjusted for at-risk, exceptional, home and hospital, and limited English proficient pupils, as well as for transportation costs, becomes the total calculated per pupil base SEEK cost.

= Base Per Pupil Guarantee + At-Risk Adjustment + Exceptional Children Adjustment + Home/Hospital Adjustment + LEP Adjustment + Transportation	=	TOTAL CALCULATED BASE PER PUPIL SEEK COST	=	\$3,061.3 Million
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Equalization of per-pupil revenues among local school districts under the SEEK program begins with a requirement that every local school district levy a minimum equivalent tax rate of 30 cents per hundred dollars of assessed valuation. This tax level may be attained via local property taxes, available alternative taxes (occupational, utility or income) or any combination of such taxes. The yield from this tax effort serves as a deduction against the revenues guaranteed by the state under SEEK. Every district is guaranteed that its minimum tax levy will produce the same dollars per student regardless of the district's property tax base. This results in the state providing a greater proportion of per-pupil revenues in those districts with lower property wealth per pupil.

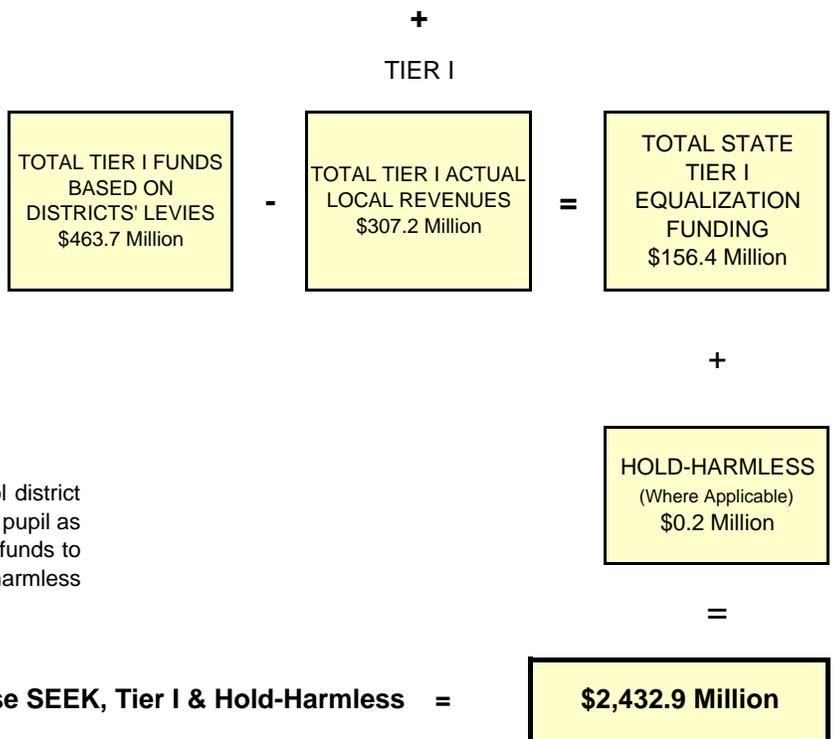
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REQUIRED LOCAL EFFORT

\$261.7 Billion Local School Districts' Assessed Property	x	Required Minimum Tax Levy 30 Cents Per \$100 Assessed Property	=	\$785 Million Required Local Effort
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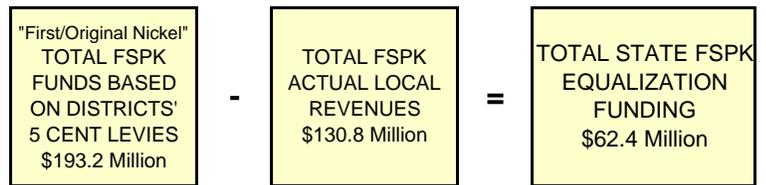
= \$2,276.3 Million State Portion of Base SEEK Cost

All local school districts have the option to impose taxes sufficient to generate revenues up to 15 percent over those generated under base SEEK. Districts with assessed property per pupil less than 150 percent of the statewide average (set at \$637,000 for the 2006-2008 biennium) receive funds from the state sufficient to garner revenues from these additional taxes equal to those generated if their per-pupil property wealth was actually 150 percent of the statewide average. In other words, the state guarantees an additional local levy will produce the same revenue in property-poor districts as would be produced in richer districts. The local tax levied under this provision is not subject to voter recall.

After completion of the preceding calculations, any school district failing to receive at least as much state SEEK funding per pupil as it received in fiscal year 1992 is provided additional state funds to sustain that funding level, referred to as SEEK's hold-harmless provision.

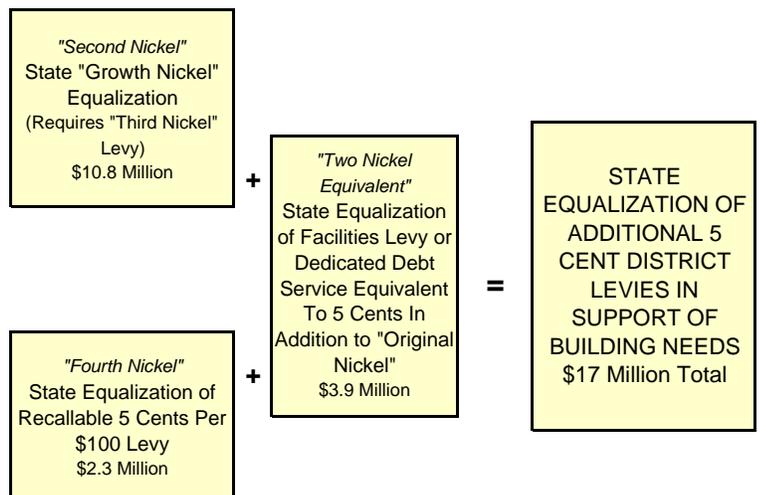


The SEEK program also includes an equalized facilities support component (Facilities Support Program of Kentucky or FSPK) for the purpose of providing a supplemental funding source for each local school district for construction and renovation projects and related debt service outlays. To participate, a district must levy a minimum equivalent tax rate of five cents per one hundred dollars of assessed valuation. Revenues generated by this tax must be dedicated to financing capital projects or debt service on construction bonds. Such revenue, like that under the Tier I component, is equalized at 150 percent of the statewide average per-pupil property assessment.



EQUALIZED FACILITIES SUPPORT

There are additional avenues for school districts to raise revenues for building and renovation purposes. Districts experiencing substantial student growth may levy an additional five cent tax—not subject to voter recall—per one hundred dollars of assessed valuation. If the district also levies another five cent tax—subject to voter recall—the original 5 cent "growth" levy qualifies for state equalization at 150 percent of the statewide average per pupil property assessment. All districts, regardless of growth, may levy—subject to voter recall—an additional five cents per one hundred dollars of assessed valuation tax for facilities purposes that is also eligible for state equalization. Finally, school districts committing the equivalent of five cents per one hundred dollars of assessed valuation in addition to the five cent levy required for participation in the Facilities Support Program of Kentucky are eligible for state equalization of the five cent equivalent at 150 percent of the statewide average per pupil property assessment.



Policy

The Executive Budget includes funding to maintain the base SEEK per pupil guarantee amount at \$3,822 in both fiscal year 2009 and fiscal year 2010.

The recommended budget includes funding to accommodate projected average daily attendance of 591,605 and projected total local school district assessed property valuation of \$274.7 billion in fiscal year 2009. In fiscal year 2010, the recommended budget provides funding to accommodate projected average daily attendance of 594,619 and projected total local school district assessed property valuation of \$288.8 billion. Projected numbers represent a consensus reached by the Office of State Budget Director and Department of Education, with input from the Department of Revenue.

The Executive Budget includes funding to continue providing an adjustment—set at 9.6% of the base per pupil guarantee—to assist with the additional cost involved in educating a projected 11,062 limited English-proficient-pupils in fiscal year 2009. The recommended budget includes funding in fiscal year 2010 to accommodate a projected 11,615 pupils.

The Executive Budget maintains funding for the pupil transportation program at \$214,752,800 in both fiscal year 2009 and fiscal year 2010.

The recommended budget includes \$9,746,600 in fiscal year 2009 to cover the extra cost involved in educating a projected 2,619 pupils receiving home and/or hospital instruction due to injury or illness during the school year. The recommended budget includes \$10,002,000 to cover this cost for a projected 2,687 pupils in fiscal year 2010.

The Executive Budget includes \$167,959,400 in fiscal year 2009 to provide Tier I funding to eligible local school districts to equalize local revenues raised under this SEEK component at a level of \$713,000 of assessed property valuation per student (150 percent of the projected statewide average per pupil during the 2008-2010 biennium). The recommended budget provides \$155,805,800 in fiscal year 2010 for Tier I.

Also included in the Executive Budget is "hold harmless" funding—\$421,300 in fiscal year 2009 and \$2,778,100 in fiscal year 2010—to provide every school district with at least the same level of SEEK funding per pupil during the 2008-2010 biennium as was provided in fiscal year 1992.

The Executive Budget includes funding for the Facilities Support program of Kentucky (FSPK) in the amounts of \$76,327,900 in fiscal year 2009 and \$72,793,300 in fiscal year 2010 to provide equalization funding for local district revenues raised by the five cent per one hundred dollars of assessed valuation levy required for participation in FSPK. As with Tier I, local revenues will be equalized at a level of \$713,000 of assessed property valuation per student in both fiscal year 2009 and fiscal year 2010.

An additional \$14,105,500 in fiscal year 2009 and \$13,001,200 in fiscal year 2010 is included in the recommended budget to equalize revenues raised by local school districts that have levied an additional five cents per one hundred dollars of assessed valuation for building needs associated with enrollment growth. To qualify, a district must have also levied—as of January 1, 2008—a third five cents per hundred dollars of assessed valuation designated for facilities and must meet "growth district" criteria (at least a three-percent increase amounting to a minimum of 150 additional pupils during the previous five year period).

The recommended budget includes \$7,348,300 in funding in fiscal year 2009 and \$6,925,800 in fiscal year 2010 for state equalization of another five cent levy. This levy is not dependent on student growth but must be dedicated to a school district's facilities needs and must have been levied no later than January 1, 2008. Finally, the recommended budget includes \$6,050,500 in fiscal year 2009 and \$5,727,700 in fiscal year 2010 for state equalization in cases where districts have levied at least a ten cent equivalent tax rate (the initial five cent rate required by FSPK plus five additional cents) or have debt service or other funds committed to facilities which, combined with the initial FSPK required five cent rate, are equivalent to the ten cent rate. The "ten cent equivalent" must have been in force by January 1, 2008. Districts eligible for "growth district" equalization are not eligible for this equalization.

The Executive Budget includes \$23,289,000 in fiscal year 2009 and \$23,289,000 in fiscal year 2010 to reimburse state-operated vocational facilities for the costs of providing course offerings to students from local school districts. Recommended funding for vocational education transportation is maintained at the fiscal year 2008 level of \$2,416,900 in both fiscal year 2009 and fiscal year 2010.

The Executive Budget includes \$2,504,000 in fiscal year 2009 and \$2,504,000 in fiscal year 2010 for salary supplements of \$2,000 annually for teachers achieving and maintaining certification by the National Board for Professional Teaching Standards.

Funding is provided —\$349,983,000 in fiscal year 2009 and \$356,059,700 in fiscal year 2010—for the Teachers' Retirement employer match (13.105 percent of certified salaries) on behalf of local school districts.

Education Cabinet

Education Cabinet

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	89,564,500	124,383,200	134,527,700	78,564,800	78,786,400
Budget Reduction	-944,500				
Salary Compensation Fund	1,096,100				
Base Deduction	-383,900				
Other	-310,300				
Total General Fund	89,021,900	124,383,200	134,527,700	78,564,800	78,786,400
Restricted Funds					
Balance Forward	6,296,800	1,716,500	1,055,400	1,461,500	703,300
Current Receipts	15,787,600	15,197,600	15,347,200	14,522,500	14,530,900
Non-Revenue Receipts	26,060,900	29,071,000	30,533,200	25,094,800	25,094,800
Fund Transfers	-1,188,800				
Total Restricted Funds	46,956,500	45,985,100	46,935,800	41,078,800	40,329,000
Federal Funds					
Balance Forward	3,413,400				1,374,000
Current Receipts	736,642,500	748,754,800	747,609,700	739,604,100	737,042,400
Total Federal Funds	740,055,900	748,754,800	747,609,700	739,604,100	738,416,400
TOTAL SOURCE OF FUNDS	876,034,300	919,123,100	929,073,200	859,247,700	857,531,800
EXPENDITURES BY CLASS					
Personnel Cost	145,115,600	173,768,300	184,734,800	140,584,800	142,116,000
Operating Expenses	42,867,100	49,324,600	48,020,300	40,544,200	38,588,500
Grants, Loans or Benefits	682,758,000	691,217,200	692,322,500	674,317,900	671,647,600
Debt Service	1,907,000	1,087,000	1,186,000		
Capital Outlay	1,925,100	2,670,600	1,978,400	1,723,500	1,673,500
TOTAL EXPENDITURES	874,572,800	918,067,700	928,242,000	857,170,400	854,025,600
EXPENDITURES BY FUND SOURCE					
General Fund	89,021,900	124,383,200	134,527,700	78,564,800	78,786,400
Restricted Funds	45,495,000	44,929,700	46,104,600	40,375,500	39,647,500
Federal Funds	740,055,900	748,754,800	747,609,700	738,230,100	735,591,700
TOTAL EXPENDITURES	874,572,800	918,067,700	928,242,000	857,170,400	854,025,600
EXPENDITURES BY UNIT					
General Administration and Program Support	10,075,700	15,941,200	16,745,900	9,479,400	9,594,700
Deaf and Hard of Hearing	1,381,200	1,730,300	1,804,800	1,283,400	1,283,400
Kentucky Educational Television	18,959,200	24,373,000	24,301,600	15,470,200	15,496,900
Environmental Education Council	1,456,100	700,600	726,200	529,800	542,600
Libraries and Archives	19,564,300	30,560,300	34,385,400	18,290,900	18,301,700
Office for the Blind	11,279,500	12,893,100	12,973,600	10,549,400	10,639,700
Employment and Training	671,271,700	678,863,800	682,074,200	671,050,200	668,375,900
Career and Technical Education	66,351,300	72,863,200	73,858,500	62,914,300	62,458,300
Vocational Rehabilitation	61,961,600	65,577,500	66,854,000	57,210,200	56,780,200
Education Professional Standards Board	12,272,200	14,564,700	14,517,800	10,392,600	10,552,200
TOTAL EXPENDITURES	874,572,800	918,067,700	928,242,000	857,170,400	854,025,600

The Education Cabinet was created by Senate Bill 105 during the 2006 Regular Session of the General Assembly and combines several departments and offices from the former Education, Arts, and Humanities Cabinet and the former Workforce Development Cabinet.

The following agencies comprise the Education Cabinet:

- Department of Education
- Department for Libraries and Archives
- Kentucky Educational Television
- Kentucky Commission on the Deaf and Hard of Hearing
- Kentucky Center for School Safety
- Department for Workforce Investment
- Council on Postsecondary Education
- Education Professional Standards Board
- Environmental Education Council

Education Cabinet
General Administration and Program Support

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	2,425,200	6,503,300	6,756,200	3,249,200	3,249,200
Budget Reduction	-24,000				
Salary Compensation Fund	42,700				
Total General Fund	2,443,900	6,503,300	6,756,200	3,249,200	3,249,200
Restricted Funds					
Balance Forward	540,800	31,100	13,800	31,100	73,200
Current Receipts	1,000	1,000	1,000	1,000	1,000
Non-Revenue Receipts	7,302,400	9,229,600	9,822,400	6,081,300	6,081,300
Fund Transfers	-371,300				
Total Restricted Funds	7,472,900	9,261,700	9,837,200	6,113,400	6,155,500
Federal Funds					
Current Receipts	190,000	190,000	190,000	190,000	190,000
Total Federal Funds	190,000	190,000	190,000	190,000	190,000
TOTAL SOURCE OF FUNDS	10,106,800	15,955,000	16,783,400	9,552,600	9,594,700
EXPENDITURES BY CLASS					
Personnel Cost	6,969,500	9,176,900	9,981,300	6,495,000	6,681,900
Operating Expenses	2,778,700	6,380,000	6,380,300	2,663,200	2,641,600
Grants, Loans or Benefits	218,400	225,200	225,200	192,200	192,200
Capital Outlay	109,100	159,100	159,100	129,000	79,000
TOTAL EXPENDITURES	10,075,700	15,941,200	16,745,900	9,479,400	9,594,700
EXPENDITURES BY FUND SOURCE					
General Fund	2,443,900	6,503,300	6,756,200	3,249,200	3,249,200
Restricted Funds	7,441,800	9,247,900	9,799,700	6,040,200	6,155,500
Federal Funds	190,000	190,000	190,000	190,000	190,000
TOTAL EXPENDITURES	10,075,700	15,941,200	16,745,900	9,479,400	9,594,700
EXPENDITURES BY UNIT					
Secretary	10,075,700	15,941,200	16,745,900	9,479,400	9,594,700
TOTAL EXPENDITURES	10,075,700	15,941,200	16,745,900	9,479,400	9,594,700

The Education Cabinet was created by Senate Bill 105 during the 2006 Regular Session of the General Assembly.

General Administration and Program Support provides the central coordination and direction for the overall planning, management and oversight of the agencies within the Cabinet. The program is responsible for the provision of specialized support of Cabinet activities including: policy and budget development and personnel transactions; legal services including legislative and regulatory development and oversight; a communications strategy with the public, business, and industry; economic analysis and research; accounting, purchasing, facilities management, and computer services; and administrative support services.

The program includes the following units:

The Office of the Secretary provides strategic direction and leadership to establish the focus for policy development, implementation, and program priorities. The Office coordinates Cabinet activities among its departments and agencies to

ensure continuous improvement in administration and efficient service to the citizens of the Commonwealth. The Secretary serves as the Chief Executive Officer of the Cabinet and is an advisor to the Governor and the General Assembly.

The Office of Operations and Development coordinates fiscal and personnel operations, strategic planning, development initiatives, and legislative programs of cabinet agencies. By coordinating strategic partnership planning, legislative review and presentation, and overall financial management in the Office of Operations and Development, the cabinet agencies can focus on maintaining and enhancing the quality and delivery of services, while enriching ongoing programs and ensuring the success of new program ventures.

Included in the above General Fund appropriation is \$192,200 in each fiscal year of the biennium to support the East Kentucky Science Center.

**Education Cabinet
Deaf and Hard of Hearing**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	933,000	1,140,300	1,214,800	826,400	826,400
Budget Reduction	-8,000				
Salary Compensation Fund	5,000				
Base Deduction	-101,000				
Total General Fund	829,000	1,140,300	1,214,800	826,400	826,400
Restricted Funds					
Balance Forward	130,300				
Current Receipts	459,700	590,000	590,000	457,000	457,000
Fund Transfers	-37,800				
Total Restricted Funds	552,200	590,000	590,000	457,000	457,000
TOTAL SOURCE OF FUNDS	1,381,200	1,730,300	1,804,800	1,283,400	1,283,400
EXPENDITURES BY CLASS					
Personnel Cost	926,300	1,008,900	1,093,000	854,200	875,300
Operating Expenses	443,400	721,400	711,800	429,200	408,100
Capital Outlay	11,500				
TOTAL EXPENDITURES	1,381,200	1,730,300	1,804,800	1,283,400	1,283,400
EXPENDITURES BY FUND SOURCE					
General Fund	829,000	1,140,300	1,214,800	826,400	826,400
Restricted Funds	552,200	590,000	590,000	457,000	457,000
TOTAL EXPENDITURES	1,381,200	1,730,300	1,804,800	1,283,400	1,283,400
EXPENDITURES BY UNIT					
Commission on the Deaf and Hard of Hearing	1,381,200	1,730,300	1,804,800	1,283,400	1,283,400
TOTAL EXPENDITURES	1,381,200	1,730,300	1,804,800	1,283,400	1,283,400

In accordance with KRS 163.510, the Commission on the Deaf and Hard of Hearing advises the Governor and the General Assembly concerning policies and programs to enhance the quality and coordination of services for deaf and hard of hearing individuals in both the public and private sectors. The Commission oversees the provision of interpreter services to deaf and hard of hearing individuals. The Commission identifies and evaluates public and private entities that provide services to deaf and hard of hearing residents of Kentucky for information, referral, and advocacy services. The Commission administers a Telecommunications Access Program which provides specialized telecommunications equipment to qualified deaf, hard of hearing, and speech-impaired residents of Kentucky. The Commission assists local, state, and federal governments and public and private agencies in the development of programs for the deaf and hard of hearing. The Commission reviews legislative programs relating to services for deaf and hard of hearing persons and conducts studies of conditions affecting the health and welfare of the deaf and hard of hearing.

Education Cabinet
Kentucky Educational Television

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	16,816,100	22,145,600	22,047,500	13,242,800	13,242,800
Budget Reduction	-305,700				
Salary Compensation Fund	97,900				
Total General Fund	16,608,300	22,145,600	22,047,500	13,242,800	13,242,800
Restricted Funds					
Current Receipts	2,000,900	1,527,400	1,554,100	1,527,400	1,554,100
Fund Transfers	-350,000				
Total Restricted Funds	1,650,900	1,527,400	1,554,100	1,527,400	1,554,100
Federal Funds					
Current Receipts	700,000	700,000	700,000	700,000	700,000
Total Federal Funds	700,000	700,000	700,000	700,000	700,000
TOTAL SOURCE OF FUNDS	18,959,200	24,373,000	24,301,600	15,470,200	15,496,900
EXPENDITURES BY CLASS					
Personnel Cost	10,434,900	15,110,000	16,116,200	9,110,000	9,347,800
Operating Expenses	5,181,700	6,772,600	6,782,000	5,100,700	4,889,600
Grants, Loans or Benefits	437,400	453,400	453,400	309,500	309,500
Debt Service	1,907,000	1,087,000			
Capital Outlay	998,200	950,000	950,000	950,000	950,000
TOTAL EXPENDITURES	18,959,200	24,373,000	24,301,600	15,470,200	15,496,900
EXPENDITURES BY FUND SOURCE					
General Fund	16,608,300	22,145,600	22,047,500	13,242,800	13,242,800
Restricted Funds	1,650,900	1,527,400	1,554,100	1,527,400	1,554,100
Federal Funds	700,000	700,000	700,000	700,000	700,000
TOTAL EXPENDITURES	18,959,200	24,373,000	24,301,600	15,470,200	15,496,900
EXPENDITURES BY UNIT					
General Administration and Support	4,455,200	4,026,000	3,089,500	2,292,800	2,292,800
Broadcasting and Education	10,406,500	15,727,900	16,386,300	9,967,700	9,994,400
Engineering	4,097,500	4,619,100	4,825,800	3,209,700	3,209,700
TOTAL EXPENDITURES	18,959,200	24,373,000	24,301,600	15,470,200	15,496,900

As required by KRS 168, the Kentucky Authority for Educational Television (KET) produces and transmits educational programming for students in public schools, state supported institutions of higher education, and others desiring broadcast programs and services. Kentucky Educational Television is divided into three program areas: General Administration and Support, Engineering, and Broadcasting and Education. Kentucky Educational Television operates a statewide network of 16 digital transmitters, 16 analog transmitters and three translators. Kentucky Educational Television currently distributes as many as seven channels of content across the Commonwealth by means of its digital transmitter network with educational and informational services for the schools and students. Kentucky Educational Television provides services for the general public with programs that are about, by, and for Kentuckians, and provides digital data services for Public Health, Emergency Management, law enforcement, the Transportation Cabinet, and others as needs are identified.

Education Cabinet
Kentucky Educational Television
General Administration and Support

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	4,357,300	4,026,000	3,089,500	2,292,800	2,292,800
Salary Compensation Fund	97,900				
Total General Fund	4,455,200	4,026,000	3,089,500	2,292,800	2,292,800
TOTAL SOURCE OF FUNDS	4,455,200	4,026,000	3,089,500	2,292,800	2,292,800
EXPENDITURES BY CLASS					
Personnel Cost	1,703,300	2,110,100	2,260,900	1,464,100	1,464,400
Operating Expenses	844,900	828,900	828,600	828,700	828,400
Debt Service	1,907,000	1,087,000			
TOTAL EXPENDITURES	4,455,200	4,026,000	3,089,500	2,292,800	2,292,800
EXPENDITURES BY FUND SOURCE					
General Fund	4,455,200	4,026,000	3,089,500	2,292,800	2,292,800
TOTAL EXPENDITURES	4,455,200	4,026,000	3,089,500	2,292,800	2,292,800

The General Administration and Support unit oversees the implementation of Kentucky Educational Television's (KET) mission as directed by the Kentucky Authority for Educational Television. KET was established by the Kentucky General Assembly in the early 1960s for the purpose of supporting educational excellence in the Commonwealth. The agency's mission includes service to citizens of the Commonwealth in the home, in institutions of education, and in the workplace.

This unit recommends and carries out the policies of the Authority in all matters of the agency. The unit assures that the agency is in compliance with pertinent state regulations and federal broadcast laws. The unit also works to ascertain the desires of the citizens of the Commonwealth.

The unit carries out research and planning activities to verify the needs of current and potential audiences. It then works to assure effective, efficient, and appropriate service to those audiences. Major areas of agency effort include programs and services in public affairs, K-12 student learning and teacher training, adult basic education, higher education, outreach programs on important state issues, and cultural and performing arts programs.

The unit recognizes that coordination of efforts with other agencies, organizations and institutions is essential for effective service. It works to insure complementing, productive, non-duplicative efforts with groups such as the Kentucky Department of Education, the Commonwealth Office of Technology, Department for Workforce Investment, colleges and universities including the Kentucky Community and Technical College System and the Council on Postsecondary Education, and all public schools and school districts throughout the state.

The General Administration and Support Unit also conducts activities which lead to constructive recommendations on current practice and future directions of telecommunications for the Commonwealth. Technologies that the agency currently exploits or will shortly include are broadcast (analog and digital), microwave transmission, two-way audio and video conferencing through the Kentucky Telelinking Network, the Internet and Internet 2, KPEN (The Kentucky Post-secondary Educational Network), digital data-casting through its new digital broadcast network and of course, more traditional technologies such as CD, DVD and video tape.

**Education Cabinet
Kentucky Educational Television
Broadcasting and Education**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	9,447,400	14,586,600	15,218,300	8,826,400	8,826,400
Budget Reduction	-305,700				
Total General Fund	9,141,700	14,586,600	15,218,300	8,826,400	8,826,400
Restricted Funds					
Current Receipts	1,614,800	1,141,300	1,168,000	1,141,300	1,168,000
Fund Transfers	-350,000				
Total Restricted Funds	1,264,800	1,141,300	1,168,000	1,141,300	1,168,000
TOTAL SOURCE OF FUNDS	10,406,500	15,727,900	16,386,300	9,967,700	9,994,400
EXPENDITURES BY CLASS					
Personnel Cost	6,622,200	10,347,200	10,995,900	6,393,300	6,630,800
Operating Expenses	3,048,700	4,677,300	4,687,000	3,014,900	2,804,100
Grants, Loans or Benefits	437,400	453,400	453,400	309,500	309,500
Capital Outlay	298,200	250,000	250,000	250,000	250,000
TOTAL EXPENDITURES	10,406,500	15,727,900	16,386,300	9,967,700	9,994,400
EXPENDITURES BY FUND SOURCE					
General Fund	9,141,700	14,586,600	15,218,300	8,826,400	8,826,400
Restricted Funds	1,264,800	1,141,300	1,168,000	1,141,300	1,168,000
TOTAL EXPENDITURES	10,406,500	15,727,900	16,386,300	9,967,700	9,994,400

The Broadcasting and Education Unit acquires and produces programs and related support material which will most effectively carry out the mission and policies set by the Kentucky Authority for Educational Television (KET). This process includes soliciting feedback from appropriate audiences and seeking input from agencies and groups such as the Kentucky Department of Education and the Higher Education Telecommunications Consortium. The unit assembles up to seven channels of television programming: KET1 and KET2 for public and general informational programming, KET3 and KET4 for the students and teachers of Kentucky, KET5 and KET6 which carry the activities of the Kentucky General Assembly when in session or in committee as well as occasional special feeds for the State Department of Education, Kentucky Community and Technical College System or other partners as needed, and KETKY, launched in January 2008 is a 20-hour per day digital service dedicated to programs about, by, and for Kentuckians.

One category of programming is aimed at needs of students at all levels. Instructional programming for elementary and secondary schools directly supports the Kentucky Education Reform Act's learning goals and outcomes. The unit produces interactive and other distance learning courses designed to provide equal access to a variety of learning opportunities for all students. It produces professional development opportunities for educators throughout the state, provides for the delivery of college courses to post-secondary students across the Commonwealth, and broadcasts programs designed to help people in the workplace. Acquired and/or locally produced programming services are delivered to under-educated adults, professionals in need of training, and other citizens with various needs related to their jobs and professions. The unit also produces multiple schedules of nationally and locally produced programs for citizens at home and the workplace. This includes educational and public affairs programming as well as quality arts experiences for all Kentuckians. A full line-up of children's educational programs offers a quality alternative to commercial television viewing.

A statewide, regional support staff of instructional and technical specialists provides training, information and help to users with technical issues. This service is provided freely to educational institutions and to citizens in their homes and in the

workplace The operations staff maintains and operates network master control, studio and remote facilities. With the initial phases of digital broadcasting complete, this staff is faced with the challenge of operating and maintaining both analog and digital transmission systems until the analog spectrum is returned by law to the federal government in February, 2009, while at the same time transitioning the master control and production infrastructure to digital.

**Education Cabinet
Kentucky Educational Television
Engineering**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	3,011,400	3,533,000	3,739,700	2,123,600	2,123,600
Total General Fund	3,011,400	3,533,000	3,739,700	2,123,600	2,123,600
Restricted Funds					
Current Receipts	386,100	386,100	386,100	386,100	386,100
Total Restricted Funds	386,100	386,100	386,100	386,100	386,100
Federal Funds					
Current Receipts	700,000	700,000	700,000	700,000	700,000
Total Federal Funds	700,000	700,000	700,000	700,000	700,000
TOTAL SOURCE OF FUNDS	4,097,500	4,619,100	4,825,800	3,209,700	3,209,700
EXPENDITURES BY CLASS					
Personnel Cost	2,109,400	2,652,700	2,859,400	1,252,600	1,252,600
Operating Expenses	1,288,100	1,266,400	1,266,400	1,257,100	1,257,100
Capital Outlay	700,000	700,000	700,000	700,000	700,000
TOTAL EXPENDITURES	4,097,500	4,619,100	4,825,800	3,209,700	3,209,700
EXPENDITURES BY FUND SOURCE					
General Fund	3,011,400	3,533,000	3,739,700	2,123,600	2,123,600
Restricted Funds	386,100	386,100	386,100	386,100	386,100
Federal Funds	700,000	700,000	700,000	700,000	700,000
TOTAL EXPENDITURES	4,097,500	4,619,100	4,825,800	3,209,700	3,209,700

Kentucky Educational Television's (KET) Engineering Service unit oversees the delivery of KET programs and other services. It operates and maintains a land-based broadcast network of 16 analog and 16 digital transmitters and three translators capable of delivering multiple channels of content and data into all parts of the state. This network is the largest public television network in the United States, second in the world to NHK (Japan Broadcasting Corporation). The Engineering Service Unit operates all technical equipment to specifications mandated by the Federal Communications Commission.

This unit is currently exploring and developing new digital data services through its new transmitter network and in partnership with the Cabinet for Health and Family Services, the Transportation Cabinet, Emergency Management, law enforcement, and other agencies to enhance the state's preparedness for disasters on the local, state and national levels and to provide data transmission services where data services are otherwise not available or marginal.

Engineering continues to develop new uses of technologies that can extend the capacity of KET's staff and financial resources. It works to interface KET's technical capabilities with other appropriate technical systems in Kentucky and elsewhere, further extending the variety, reach, accessibility and versatility of KET services to the Commonwealth.

**Education Cabinet
Environmental Education Council**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation		170,800	183,600		
Total General Fund		170,800	183,600		
Restricted Funds					
Balance Forward	110,400				
Current Receipts	1,429,700	529,800	542,600	529,800	542,600
Fund Transfers	-84,000				
Total Restricted Funds	1,456,100	529,800	542,600	529,800	542,600
TOTAL SOURCE OF FUNDS	1,456,100	700,600	726,200	529,800	542,600
EXPENDITURES BY CLASS					
Personnel Cost	185,100	195,800	208,600	162,600	166,600
Operating Expenses	34,200	45,300	47,900	32,400	32,600
Grants, Loans or Benefits	1,236,800	459,500	469,700	334,800	343,400
TOTAL EXPENDITURES	1,456,100	700,600	726,200	529,800	542,600
EXPENDITURES BY FUND SOURCE					
General Fund		170,800	183,600		
Restricted Funds	1,456,100	529,800	542,600	529,800	542,600
TOTAL EXPENDITURES	1,456,100	700,600	726,200	529,800	542,600
EXPENDITURES BY UNIT					
Ky Environmental Education Council	1,456,100	700,600	726,200	529,800	542,600
TOTAL EXPENDITURES	1,456,100	700,600	726,200	529,800	542,600

The Kentucky Environmental Education Council is dedicated to improving the environmental literacy of all Kentuckians. The Council provides opportunities for all Kentuckians to understand both that environmental problems exist and how each person's actions contribute to the health of the environment. The Council sponsors programs and activities that improve the quality of environmental education in the Commonwealth. These programs and activities include:

- Working with citizens, especially those engaged in environmental education, to implement the master plan for improving environmental education and environmental literacy.
- Working with the Kentucky Department of Education, the Education Professional Standards Board, and the Environmental Education Interagency Committee to establish guidelines for improving professional development in environmental education for educators.
- Establishing standards for environmental education that fit within the Kentucky Department of Education's instructional standards and help insure balanced, ecologically-based curriculum and instruction.
- Working to ensure that environmental education is equitably distributed to all Kentuckians.

**Education Cabinet
Libraries and Archives**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	14,689,300	25,087,600	28,811,900	12,780,300	12,792,300
Budget Reduction	-170,000				
Salary Compensation Fund	88,600				
Base Deduction	-282,900				
Total General Fund	14,325,000	25,087,600	28,811,900	12,780,300	12,792,300
Restricted Funds					
Balance Forward	497,100	400,200	430,200	145,200	56,100
Current Receipts	2,628,000	2,572,400	2,625,100	2,572,400	2,625,100
Non-Revenue Receipts	-255,000				
Fund Transfers	-345,700				
Total Restricted Funds	2,524,400	2,972,600	3,055,300	2,717,600	2,681,200
Federal Funds					
Balance Forward	123,600				81,200
Current Receipts	2,736,500	2,930,300	2,978,400	2,930,300	2,978,400
Total Federal Funds	2,860,100	2,930,300	2,978,400	2,930,300	3,059,600
TOTAL SOURCE OF FUNDS	19,709,500	30,990,500	34,845,600	18,428,200	18,533,100
EXPENDITURES BY CLASS					
Personnel Cost	6,898,800	9,264,900	9,971,700	6,656,500	6,875,500
Operating Expenses	3,661,800	3,868,500	3,738,000	3,487,500	3,384,500
Grants, Loans or Benefits	8,804,900	17,184,900	19,184,900	7,946,900	7,841,700
Debt Service			1,186,000		
Capital Outlay	198,800	242,000	304,800	200,000	200,000
TOTAL EXPENDITURES	19,564,300	30,560,300	34,385,400	18,290,900	18,301,700
EXPENDITURES BY FUND SOURCE					
General Fund	14,325,000	25,087,600	28,811,900	12,780,300	12,792,300
Restricted Funds	2,379,200	2,542,400	2,595,100	2,661,500	2,590,100
Federal Funds	2,860,100	2,930,300	2,978,400	2,849,100	2,919,300
TOTAL EXPENDITURES	19,564,300	30,560,300	34,385,400	18,290,900	18,301,700
EXPENDITURES BY UNIT					
Libraries and Archives	10,651,100	13,265,900	15,091,000	10,279,800	10,395,800
Direct Local Aid	8,913,200	17,294,400	19,294,400	8,011,100	7,905,900
TOTAL EXPENDITURES	19,564,300	30,560,300	34,385,400	18,290,900	18,301,700

The Department for Libraries and Archives supports and promotes equitable access to quality library services and information resources, and ensures that adequate documentation of government programs is created, maintained, and available for public use.

The Department is directed by three goals:

- To provide effective services that meet the needs of library and public records customers,
- To build effective and productive partnerships with other organizations and public agencies for enhanced management of and access to information and services, and

- To improve employee job satisfaction and agency operations.

The Department serves both governmental agencies and the people of Kentucky directly through local public libraries. The Department also serves several distinct customer populations including the general public, the blind and physically disabled, institutionalized persons, state government personnel, state and local public agencies, and researchers needing historic public records.

**Education Cabinet
Libraries and Archives
Libraries and Archives**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	7,382,900	9,526,200	11,250,500	6,754,900	6,766,900
Budget Reduction	-120,000				
Salary Compensation Fund	88,600				
Base Deduction	-282,900				
Total General Fund	7,068,600	9,526,200	11,250,500	6,754,900	6,766,900
Restricted Funds					
Balance Forward	284,400	167,500	177,500	40,000	56,100
Current Receipts	1,344,000	1,543,400	1,596,100	1,543,400	1,596,100
Non-Revenue Receipts	-127,500			-127,500	-127,500
Fund Transfers	-14,500				
Total Restricted Funds	1,486,400	1,710,900	1,773,600	1,455,900	1,524,700
Federal Funds					
Balance Forward	122,300				81,200
Current Receipts	2,013,800	2,206,300	2,254,400	2,206,300	2,254,400
Total Federal Funds	2,136,100	2,206,300	2,254,400	2,206,300	2,335,600
TOTAL SOURCE OF FUNDS	10,691,100	13,443,400	15,278,500	10,417,100	10,627,200
EXPENDITURES BY CLASS					
Personnel Cost	6,898,800	9,264,900	9,971,700	6,656,500	6,875,500
Operating Expenses	3,535,300	3,742,000	3,611,500	3,406,300	3,303,300
Grants, Loans or Benefits	217,000	217,000	217,000	217,000	217,000
Debt Service			1,186,000		
Capital Outlay		42,000	104,800		
TOTAL EXPENDITURES	10,651,100	13,265,900	15,091,000	10,279,800	10,395,800
EXPENDITURES BY FUND SOURCE					
General Fund	7,068,600	9,526,200	11,250,500	6,754,900	6,766,900
Restricted Funds	1,446,400	1,533,400	1,586,100	1,399,800	1,433,600
Federal Funds	2,136,100	2,206,300	2,254,400	2,125,100	2,195,300
TOTAL EXPENDITURES	10,651,100	13,265,900	15,091,000	10,279,800	10,395,800
EXPENDITURES BY UNIT					
Administrative Services	3,262,100	3,790,900	3,936,600	3,117,100	3,143,300
Field Services	2,230,300	2,955,300	3,125,500	2,229,200	2,227,900
State Library Services	2,059,900	2,430,300	2,552,200	1,980,600	2,010,600
Public Records	3,098,800	4,089,400	5,476,700	2,952,900	3,014,000
TOTAL EXPENDITURES	10,651,100	13,265,900	15,091,000	10,279,800	10,395,800

The Department for Libraries and Archives supports and promotes equitable access to quality library services and information resources, and ensures that adequate documentation of government programs is created, maintained, and available for public use.

The Department is directed by three goals:

- To provide effective services that meet the needs of library and public records customers,

- To build effective and productive partnerships with other organizations and public agencies for enhanced management of and access to information and services, and
- To improve employee job satisfaction and agency operations.

The Department serves both governmental agencies and the public directly through local public libraries.

The Department serves several distinct customer populations including the general public, the blind and physically disabled, institutionalized persons, state government personnel, state and local public agencies, and researchers needing historic public records.

Administrative Services

The Libraries and Archives Commissioner's Office sets overall policy and direction for the Department and provides communication advice and support to each division. The Office supports the activities of the State Advisory Council on Libraries, chairs the Archives and Records Commission, and serves on the State Information Systems Commission, the Communications Advisory Committee, and the Oral History Commission.

The Division of Administrative Services formulates and implements executive direction for planning, policy, and procedures for the Department in accordance with KRS Chapter 171. The Division provides administrative support to the program areas of the Department. This division funds and supports the activities of the Commissioner's Office, as well as those of the Financial, Personnel and Payroll, Federal Grants Management, Information Systems, Building Facilities, and Administrative Support units.

Field Services

The Division of Field Services supports Kentucky's public libraries for the improvement of library services by providing consultation, technical assistance, and financial aid. The Division provides services pursuant to KRS Chapter 171.

This division's Public Library Development Branch includes professional and technical staff who provide consultative and technical assistance concerning public library services and programs provided by the Department. The staff is located in regional offices that are mainly housed in local public libraries.

The Program Development Branch provides statewide guidance in specialized library services. This office plans and implements statewide continuing education programs. Services are also provided for technological development, automated operations, and statistical analysis. Branch staff provide consulting services in the areas of library construction; assistance in developing early childhood, children's, and young adult programs and materials; and provides administrative support to the Kentucky State Board for the Certification of Librarians.

The Kentucky Talking Book Library and Institutions Branch provides special library materials and playback equipment to eligible service clientele. Volunteers record materials that are of special interest to Kentucky Talking Book patrons, and department staff coordinate distribution. The Branch also provides library materials and professional consultation to state residential institution libraries.

State Library Services

The Division of State Library Services operates the State Library that serves state government personnel, public libraries, other institutions, and individuals. In an effort to equalize library services and access to information across the state, this division promotes and maintains cooperative arrangements for information and resource sharing among all types of libraries, library consortia, and information centers including state agencies as mandated by Chapter 171.

State Library Support is the administrative unit of the Division and provides coordinated program planning and control to ensure the best service in a cost-effective manner. The unit directs the statewide library resource-sharing activities of the Department, including direct service delivery, coordination of activities on a statewide basis, and support via direct local aid. The Department works closely with the Kentucky Virtual Library (KYVL) in the delivery of services and coordination of activities, and also participates as an individual library institution.

The Public Services Branch is committed to providing resources, research, consultation, and assistance to state agencies and public libraries through use of a variety of information formats including the Internet. The State Library partners with the Office for Employee and Organizational Development (OEOD) and the Kentucky Employee Assistance Program (KEAP) to provide supplementary information resources for those agencies' clients through the Library's web site.

The Audiovisual unit of the Branch provides a centralized collection of videos and films that are loaned without a fee to public libraries, state agencies, and walk-in customers. The unit is unique in that it is the only major source of films and "public performance" videos in the Commonwealth. The primary needs are for children's films suitable for large audience viewing

and videos designed for adult training and education.

The Technical Support Branch provides computerized access to information for the State Library's collections and public libraries. The Branch serves as a model for quality control throughout the state, and supplies training and consulting services to librarians and state agency personnel involved in the organization of reference materials.

Public Records

The Division of Public Records, under KRS 171.410-740, works with government agencies to create and preserve documentation of agencies' organizational functions, policies, decisions, procedures, and essential transactions, as well as information that protects the legal and financial rights of government and of individuals directly affected by an agency's activities. The Division establishes standards, procedures, and administrative regulations for recording, managing, preserving, and reproducing government records. It works with the heads of state and local government agencies to ensure that the agencies create and maintain active programs for efficient records management.

The Public Records Support Office provides overall policy development, coordination of program planning, and administrative direction of division programs in public records administration and archival management.

The State Records Branch assists state agencies, boards and commissions, public universities, and judicial offices in developing and maintaining programs to manage government information. Branch staff manage the State Records Center for high volume storage of non-permanent records still in business use.

The Archival Services Branch operates the state's central repository for valuable government records. It serves as the official point of access for state government information. The Branch is also involved in a variety of outreach and educational activities that inform public officials and the general public about the wealth and range of materials housed at the State Archives.

The Technology Analysis and Support Branch provides support to agencies on archival and records management considerations in the application of information technology. It works with other units to provide guidance to public agencies on the management of electronic records and oversees the work of the Department's Document Preservation Laboratory. This includes professional consulting, education and training programs, records disaster recovery assistance, and laboratory conservation treatment.

The Image Management Branch provides centralized image management and micrographics services to state and local government agencies on a cost recovery basis. These central services help improve access to information, reduce the volume of paper-based files, and ensure archival preservation of information contained in fragile paper records.

The Local Records Branch assists local government agencies in implementing and maintaining archives and records management programs.

**Education Cabinet
Libraries and Archives
Direct Local Aid**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	7,306,400	15,561,400	17,561,400	6,025,400	6,025,400
Budget Reduction	-50,000				
Total General Fund	7,256,400	15,561,400	17,561,400	6,025,400	6,025,400
Restricted Funds					
Balance Forward	212,700	232,700	252,700	105,200	
Current Receipts	1,284,000	1,029,000	1,029,000	1,029,000	1,029,000
Non-Revenue Receipts	-127,500			127,500	127,500
Fund Transfers	-331,200				
Total Restricted Funds	1,038,000	1,261,700	1,281,700	1,261,700	1,156,500
Federal Funds					
Balance Forward	1,300				
Current Receipts	722,700	724,000	724,000	724,000	724,000
Total Federal Funds	724,000	724,000	724,000	724,000	724,000
TOTAL SOURCE OF FUNDS	9,018,400	17,547,100	19,567,100	8,011,100	7,905,900
EXPENDITURES BY CLASS					
Operating Expenses	126,500	126,500	126,500	81,200	81,200
Grants, Loans or Benefits	8,587,900	16,967,900	18,967,900	7,729,900	7,624,700
Capital Outlay	198,800	200,000	200,000	200,000	200,000
TOTAL EXPENDITURES	8,913,200	17,294,400	19,294,400	8,011,100	7,905,900
EXPENDITURES BY FUND SOURCE					
General Fund	7,256,400	15,561,400	17,561,400	6,025,400	6,025,400
Restricted Funds	932,800	1,009,000	1,009,000	1,261,700	1,156,500
Federal Funds	724,000	724,000	724,000	724,000	724,000
TOTAL EXPENDITURES	8,913,200	17,294,400	19,294,400	8,011,100	7,905,900
EXPENDITURES BY UNIT					
Field Services	7,143,300	15,144,500	17,144,500	6,291,700	6,291,700
State Library Services	619,900	669,900	669,900	381,000	381,000
Public Records	1,150,000	1,480,000	1,480,000	1,338,400	1,233,200
TOTAL EXPENDITURES	8,913,200	17,294,400	19,294,400	8,011,100	7,905,900

Direct Local Aid provides the following services to citizens of the Commonwealth:

- Federal grants are provided for continuing education, training, and demonstration projects.
- State aid provides cash grants to all counties with legally established public libraries. The grant funds may be used for the following purposes: purchase, upgrade, and maintenance of technology resources; purchase of library materials and equipment; maintenance and operation of bookmobiles and extension programs; staff and trustee training and compensation; building maintenance; debt service; resource-sharing; program development; and certain other local library needs and services.
- The Bookmobile program furnishes and replaces bookmobiles used by Kentucky's public libraries. The bookmobiles provide informational and educational resources to those who cannot physically reach a public library. Bookmobiles make regular stops at schools, daycare centers, and after-school centers. Services are also provided to the elderly and homebound individuals. Funds are also provided for maintenance and repair of existing bookmobiles. Services are provided as funds are available.

- Construction grants are available through a competitive application process to assist with retiring debt associated with the construction or repair of library facilities.
- Institution grants are given to two local libraries to administer library service in three state prisons. The Danville Library works with the Northpoint Training Center, and the Oldham County Public Library works with the Kentucky State Reformatory and the Kentucky Correctional Institution for Women.
- Kentucky Talking Book Library grants are given to assist in the delivery of services directly to blind and physically disabled library patrons.
- Local Records grants provide funds to assist local governments with the protection and preservation of public records, and the improvement of local government records management programs.

These services are administered by the Department's program divisions: Field Services, State Library Services, and Public Records. Direct services include cash grants, library materials, and bookmobiles.

**Education Cabinet
Office for the Blind**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,343,200	1,519,200	1,369,200	1,209,800	1,209,800
Budget Reduction	-41,100				
Salary Compensation Fund	26,000				
Total General Fund	1,328,100	1,519,200	1,369,200	1,209,800	1,209,800
Restricted Funds					
Balance Forward	758,600	253,400	20,900	253,400	295,200
Current Receipts	1,364,000	1,529,200	1,529,200	1,529,200	1,529,200
Total Restricted Funds	2,122,600	1,782,600	1,550,100	1,782,600	1,824,400
Federal Funds					
Balance Forward	19,600				
Current Receipts	8,062,600	9,612,200	10,073,700	7,852,200	7,899,200
Total Federal Funds	8,082,200	9,612,200	10,073,700	7,852,200	7,899,200
TOTAL SOURCE OF FUNDS	11,532,900	12,914,000	12,993,000	10,844,600	10,933,400
EXPENDITURES BY CLASS					
Personnel Cost	6,254,700	8,073,700	8,656,100	6,423,200	6,673,600
Operating Expenses	1,467,000	1,561,300	1,409,800	1,411,500	1,411,900
Grants, Loans or Benefits	3,541,800	3,258,100	2,907,700	2,714,700	2,554,200
Capital Outlay	16,000				
TOTAL EXPENDITURES	11,279,500	12,893,100	12,973,600	10,549,400	10,639,700
EXPENDITURES BY FUND SOURCE					
General Fund	1,328,100	1,519,200	1,369,200	1,209,800	1,209,800
Restricted Funds	1,869,200	1,761,700	1,530,700	1,487,400	1,530,700
Federal Funds	8,082,200	9,612,200	10,073,700	7,852,200	7,899,200
TOTAL EXPENDITURES	11,279,500	12,893,100	12,973,600	10,549,400	10,639,700
EXPENDITURES BY UNIT					
General Blind Services	9,181,300	10,396,100	10,489,400	8,202,400	8,155,500
Business Enterprise Program	994,200	1,262,400	1,183,200	1,112,400	1,183,200
Center for Independent Living	627,400	759,600	812,300	759,600	812,300
Assistive Technology Service	476,600	475,000	488,700	475,000	488,700
TOTAL EXPENDITURES	11,279,500	12,893,100	12,973,600	10,549,400	10,639,700

Pursuant to KRS 163.470, the Office for the Blind provides services to assist individuals with severe visual disabilities in preparing for and obtaining employment. In federal fiscal year 2007, the Office provided services to 2,917 blind or visually impaired Kentuckians so that they could receive the education and specialized training services needed to become independent and self-sufficient in the workplace. Of these served, 377 were successfully employed; 36 were served by the Deaf/Blind Program; 1,163 worked toward a vocational goal; 1,279 were served by the Independent Living Program; and 62 vendors were served by Kentucky Business Enterprises.

Since its creation 30 years ago, the Office has provided for the vocational rehabilitation of blind and visually impaired Kentuckians. Office staff provide vocational counseling, evaluation, physical and mental restoration, vocational and higher education training, assistive technology training, adaptive devices, orientation and mobility training, and job placement

services. The Office accomplishes this mission through the following avenues:

- The Office has 11 field offices that provide direct vocational rehabilitation services to individuals with severe visual impairments.
- The Charles McDowell Comprehensive Rehabilitation Center for the Blind is a facility in Louisville that provides training in vocational preparation, personal adjustment services, independent living skills, orientation and mobility skills, Braille, assistive technology, career assessment, vocational planning, work adjustment, and work experience.
- In Lexington and Paducah, the Office operates two volunteer recording units that provide audio-recorded materials statewide for blind and visually impaired individuals.
- The Business Enterprise Program trains blind individuals for self-employment at vending facilities located statewide.
- The Independent Living Program provides training to blind and visually impaired individuals in areas that will enable them to live and function independently.

Pursuant to KRS 163.470(11) and the federal Randolph-Sheppard Act, the Division of Business Enterprises Program (BEP) establishes vending facilities on state, federal, and other property to provide remunerative employment for licensed visually impaired merchants. This program provides management services and training to visually impaired individuals, identifies and develops new sites suitable for vending facilities, and repairs and replaces equipment in existing vending facilities.

The Office for the Blind receives a commission based upon the percentage of gross sales from vending operations located in all interstate highway rest areas. The visually impaired merchants contribute five percent of their net income to the Office. The funds received from the interstate vending contract are utilized exclusively in the Business Enterprise Program.

Pursuant to KRS 163.470 and Title VII of the Rehabilitation Act, independent living specialists provide short-term, individualized instruction for individuals who are blind so they may be able to function independently. Services include information, counseling, and skills training in activities of daily living. Mobility training, assistive devices, referrals to community resources in housing and transportation, and information on services offered by other agencies are provided. The service population consists mainly of individuals who are elderly or unable to work due to the severity of disabilities.

The Office employs independent living specialists who are located throughout the state. These specialists make home visits and provide specially-adapted aids and appliances such as Braille and talking watches, controls on stoves, writing guides, phone dials, and canes. They provide limited instruction in household tasks such as cooking, keeping time, and learning in the home. The specialists also work with families to educate them about blindness and how to promote independent living.

The Kentucky Assistive Technology Service (KATS) Network is a federally funded project operating within the Office for the Blind. KATS is a statewide collaborative system of consumer-oriented organizations that help to provide assistive technologies.

**Education Cabinet
Employment and Training**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation		4,355,000	10,282,000		
Total General Fund		4,355,000	10,282,000		
Restricted Funds					
Balance Forward	2,255,800	55,800		55,800	
Current Receipts	3,000,000	3,000,000	3,000,000	2,610,000	2,368,800
Total Restricted Funds	5,255,800	3,055,800	3,000,000	2,665,800	2,368,800
Federal Funds					
Balance Forward	3,194,800				1,292,800
Current Receipts	662,876,900	671,453,000	668,792,200	669,677,200	667,398,700
Total Federal Funds	666,071,700	671,453,000	668,792,200	669,677,200	668,691,500
TOTAL SOURCE OF FUNDS	671,327,500	678,863,800	682,074,200	672,343,000	671,060,300
EXPENDITURES BY CLASS					
Personnel Cost	41,479,900	48,290,600	51,631,900	39,276,400	37,582,700
Operating Expenses	13,262,500	12,885,500	12,770,100	13,493,300	12,371,100
Grants, Loans or Benefits	616,529,300	617,687,700	617,672,200	618,280,500	618,422,100
TOTAL EXPENDITURES	671,271,700	678,863,800	682,074,200	671,050,200	668,375,900
EXPENDITURES BY FUND SOURCE					
General Fund		4,355,000	10,282,000		
Restricted Funds	5,200,000	3,055,800	3,000,000	2,665,800	2,368,800
Federal Funds	666,071,700	671,453,000	668,792,200	668,384,400	666,007,100
TOTAL EXPENDITURES	671,271,700	678,863,800	682,074,200	671,050,200	668,375,900
EXPENDITURES BY UNIT					
Employer and Placement Services	28,050,400	31,026,300	32,480,100	23,587,500	23,223,500
Unemployment Insurance	574,402,200	578,433,900	580,073,000	578,059,100	575,631,300
Special Projects	870,800				
Workforce Investment Act	67,948,300	69,403,600	69,521,100	69,403,600	69,521,100
TOTAL EXPENDITURES	671,271,700	678,863,800	682,074,200	671,050,200	668,375,900

The Office of Employment and Training (OET) administers federally-funded programs that provide employment-related services to the citizens of Kentucky. OET provides a wide array of high quality, professional services to employers and job seekers which result in economic stability for the individual and further the economic well-being of the Commonwealth. These services include employment counseling, testing, assessment, job search assistance, and placement services to all citizens, as well as training programs for dislocated workers and other individuals who are economically disadvantaged.

The majority of the programs in the Office are funded by federal grants, with the principal revenue source derived from the Unemployment Insurance (UI) program. The federal government, through the employer-paid Federal Unemployment Tax Act (FUTA), provides the Office's operating and capital funding for the two programs.

The Office also receives funds to administer several smaller programs that are related to UI and Employment Services, including: Veterans' Employment and Training Services, Labor Market Information, Alien Labor Certification, Agricultural Wage Surveys, Alien Farmworker Housing Inspections, and Temporary Assistance for Needy Families (TANF). The Office administers training programs under the Trade Adjustment Assistance program, Title I of the Workforce Investment Act, and the North American Free Trade Agreement (NAFTA)-Transitional Adjustment Assistance and the NAFTA-Transitional

Readjustment Allowances programs. These programs are designed to provide temporary income maintenance through UI to individuals who are unemployed through no fault of their own, and to assist the unemployed, underemployed, and persons who wish to change occupations in finding suitable employment. Additional benefits include the reduction of public burden through the early placement of welfare recipients and UI claimants.

The Department is also responsible for assessing and collecting taxes from employers to distribute benefits to those who qualify for unemployment compensation.

Policy

Notwithstanding KRS 341.835, \$3,000,000 from the Unemployment Insurance Penalty and Interest Account in the Unemployment Compensation Administration Fund may be used during each fiscal year by the Office of Employment and Training to operate employment, training, and unemployment insurance programs.

**Education Cabinet
Employment and Training
Employer and Placement Services**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation		3,980,200	5,840,300		
Total General Fund		3,980,200	5,840,300		
Restricted Funds					
Balance Forward	2,255,800	55,800		55,800	
Current Receipts	3,000,000	3,000,000	3,000,000	2,610,000	2,368,800
Total Restricted Funds	5,255,800	3,055,800	3,000,000	2,665,800	2,368,800
Federal Funds					
Balance Forward					1,292,800
Current Receipts	22,850,400	23,990,300	23,639,800	22,214,500	22,246,300
Total Federal Funds	22,850,400	23,990,300	23,639,800	22,214,500	23,539,100
TOTAL SOURCE OF FUNDS	28,106,200	31,026,300	32,480,100	24,880,300	25,907,900
EXPENDITURES BY CLASS					
Personnel Cost	16,960,900	20,349,300	21,931,200	13,308,800	13,074,400
Operating Expenses	4,763,400	4,376,800	4,259,200	3,978,500	3,859,400
Grants, Loans or Benefits	6,326,100	6,300,200	6,289,700	6,300,200	6,289,700
TOTAL EXPENDITURES	28,050,400	31,026,300	32,480,100	23,587,500	23,223,500
EXPENDITURES BY FUND SOURCE					
General Fund		3,980,200	5,840,300		
Restricted Funds	5,200,000	3,055,800	3,000,000	2,665,800	2,368,800
Federal Funds	22,850,400	23,990,300	23,639,800	20,921,700	20,854,700
TOTAL EXPENDITURES	28,050,400	31,026,300	32,480,100	23,587,500	23,223,500
EXPENDITURES BY UNIT					
Job Placement Services	16,058,200	18,186,100	19,304,000	12,235,700	11,886,700
Special Employment Services	9,909,900	10,422,800	10,628,100	9,595,600	9,586,100
Employment Information Support	2,082,300	2,417,400	2,548,000	1,756,200	1,750,700
TOTAL EXPENDITURES	28,050,400	31,026,300	32,480,100	23,587,500	23,223,500

There are two objectives of the Employer and Placement Services program. The first is to assist individuals who are unemployed, underemployed, or simply seeking to change their employment situation. The second is to assist employers in obtaining qualified workers to fill job openings as quickly as possible. This program provides counseling, employment testing, job development, referral, and placement.

Policy

Notwithstanding KRS 341.835, the recommended budget provides that the Office of Employment and Training may use funds from the Unemployment Insurance Penalty and Interest Account in the Unemployment Compensation Administration Fund during each fiscal year of the biennium for employment and training programs.

**Education Cabinet
Employment and Training
Unemployment Insurance**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation		374,800	4,441,700		
Total General Fund		374,800	4,441,700		
Federal Funds					
Balance Forward	2,324,000				
Current Receipts	572,078,200	578,059,100	575,631,300	578,059,100	575,631,300
Total Federal Funds	574,402,200	578,059,100	575,631,300	578,059,100	575,631,300
TOTAL SOURCE OF FUNDS	574,402,200	578,433,900	580,073,000	578,059,100	575,631,300
EXPENDITURES BY CLASS					
Personnel Cost	19,792,300	23,817,100	25,454,100	22,436,200	21,012,400
Operating Expenses	4,609,900	4,616,800	4,618,900	5,622,900	4,618,900
Grants, Loans or Benefits	550,000,000	550,000,000	550,000,000	550,000,000	550,000,000
TOTAL EXPENDITURES	574,402,200	578,433,900	580,073,000	578,059,100	575,631,300
EXPENDITURES BY FUND SOURCE					
General Fund		374,800	4,441,700		
Federal Funds	574,402,200	578,059,100	575,631,300	578,059,100	575,631,300
TOTAL EXPENDITURES	574,402,200	578,433,900	580,073,000	578,059,100	575,631,300
EXPENDITURES BY UNIT					
Unemployment Insurance Administration	24,402,200	28,433,900	30,073,000	28,059,100	25,631,300
Unemployment Insurance Benefits	550,000,000	550,000,000	550,000,000	550,000,000	550,000,000
TOTAL EXPENDITURES	574,402,200	578,433,900	580,073,000	578,059,100	575,631,300

The purpose of the Unemployment Insurance (UI) program is to provide temporary financial assistance to workers who become unemployed through no fault of their own, in the form of regular UI benefit payments in an amount determined by the claimant's wage history. Regular UI benefits are funded entirely through payment of the state unemployment taxes by employers determined liable under KRS Chapter 341 based upon the size and duration of payroll.

Within the Office of Employment and Training, the Division of Unemployment Insurance supports the claims activities initiated in the local offices of the Division of Field Services. In the central office, the Benefit Branch ensures and accounts for the proper payment of regular UI and federal program benefits, including the determination of chargeability to a specific employer for the cost of each regular UI claim. In cases where benefits have been drawn in error, the branch pursues restitution and, if fraud is involved, pursues prosecution of the claimant. The Benefits Branch also operates an interstate claims "local office" to serve claimants covered under Kentucky law but filing from other states.

In addition to regular UI benefits, the program also administers payment of federal benefits to unemployed federal employees and discharged military personnel, those affected by changes in international trade, those affected financially in federal disaster areas, and those covered under the Extended Unemployment Compensation program. With the exception of partial payment from state UI funds in the case of some extended benefits, these programs are financed by employer federal unemployment tax collected by the Internal Revenue Service.

The administrative component of the UI program provides benefit payments based on earnings in a specific transaction period. Revenues for this program are derived from a federal unemployment tax on employers' payrolls.

KRS Chapter 341 provides the statutory authority and structure for the operation of the UI program in Kentucky. With regard

to most particulars involving worker coverage, benefit entitlement, and employer liability, KRS Chapter 341 conforms to federal unemployment law derived from the Social Security Act of 1935. This state and federal statutory conformity is required in order for Kentucky employers to receive a credit against federal unemployment tax based on state tax payments, and in order for the agency to receive federal administrative funding.

Policy

The recommended budget provides that the Office of Employment and Training may use funds from the Unemployment Insurance Penalty and Interest Account in the Unemployment Compensation Administration Fund during each fiscal year of the biennium for unemployment administration purposes.

**Education Cabinet
Employment and Training
Special Projects**

	<u>Revised FY 2008</u>	<u>Requested FY 2009</u>	<u>Requested FY 2010</u>	<u>Recommended FY 2009</u>	<u>Recommended FY 2010</u>
SOURCE OF FUNDS					
Federal Funds					
Balance Forward	870,800				
Total Federal Funds	<u>870,800</u>				
TOTAL SOURCE OF FUNDS	870,800				
EXPENDITURES BY CLASS					
Personnel Cost	870,800				
TOTAL EXPENDITURES	<u>870,800</u>				
EXPENDITURES BY FUND SOURCE					
Federal Funds	870,800				
TOTAL EXPENDITURES	<u>870,800</u>				

The Special Projects program covers contractual programs offered by the Office of Employment and Training.

Under contract with the Cabinet for Health and Family Services (CHFS), the Office of Employment and Training has implemented a strategy and program to help adult Kentuckians make the transition from welfare dependency to long term self-sufficiency. The Office performs an employment assessment on each participant referred by CHFS, Department for Community-Based Services, to determine needs and skills. An "Employability Development Plan" is created for each participant that includes an employment goal and a series of activities necessary to reach that goal, including high school and equivalency programs, basic and remedial education, work readiness activities, and job skills training.

**Education Cabinet
Employment and Training
Workforce Investment Act**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
Federal Funds					
Current Receipts	67,948,300	69,403,600	69,521,100	69,403,600	69,521,100
Total Federal Funds	67,948,300	69,403,600	69,521,100	69,403,600	69,521,100
TOTAL SOURCE OF FUNDS	67,948,300	69,403,600	69,521,100	69,403,600	69,521,100
EXPENDITURES BY CLASS					
Personnel Cost	3,855,900	4,124,200	4,246,600	3,531,400	3,495,900
Operating Expenses	3,889,200	3,891,900	3,892,000	3,891,900	3,892,800
Grants, Loans or Benefits	60,203,200	61,387,500	61,382,500	61,980,300	62,132,400
TOTAL EXPENDITURES	67,948,300	69,403,600	69,521,100	69,403,600	69,521,100
EXPENDITURES BY FUND SOURCE					
Federal Funds	67,948,300	69,403,600	69,521,100	69,403,600	69,521,100
TOTAL EXPENDITURES	67,948,300	69,403,600	69,521,100	69,403,600	69,521,100

On July 1, 1999, Kentucky implemented the Workforce Investment Act (WIA) to consolidate, coordinate, and improve employment, training, literacy, and vocational rehabilitation programs. Passed by Congress on August 7, 1998 (Public Law 105-220), this reform includes streamlining services through a one-stop service delivery system, empowering individuals through information and access to training resources through individual training accounts, providing universal access to core services, increasing accountability for results, ensuring a strong role for local boards and the private sector in the workforce investment system, facilitating state and local flexibility, and improving youth services.

The Workforce Investment Act specifies three funding streams to the states and local areas: adults, dislocated workers, and youth.

Most services for adults and dislocated workers are provided through the "one-stop" system, and most customers use individual training accounts to determine which training programs and training providers best fit their needs. The Act authorizes "core" services available to all adults (with no eligibility requirements), and "intensive" services for unemployed individuals who are not able to find jobs through core services alone. In some cases, intensive services are available to employed workers who need more help to find or keep a job.

Through WIA, youth are prepared for postsecondary educational opportunities or employment. Programs link academic and occupational learning. Programs include tutoring, study skills training, and instruction leading to completion of secondary school (including drop-out prevention), alternative school services, mentoring by appropriate adults, paid and unpaid work experience (i.e. internships and job shadowing), occupational skills training, leadership development, and appropriate supportive services.

The Commonwealth of Kentucky has applied for and received WIA Section 503 Incentive Grants. These grants are awarded to states that have exceeded performance levels for WIA Title I programs, WIA Title II Adult Education and Family Literacy programs and Carl D. Perkins Vocational and Technical Education Act programs. These funds are used to carry out any one or more innovative programs under Titles I or II of WIA or the Carl D. Perkins Vocational and Technical Education Act, regardless of which Act is the source of the incentive funds.

Education Cabinet
Career and Technical Education

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	29,894,500	36,061,000	36,186,900	26,628,300	26,778,300
Salary Compensation Fund	758,200				
Other	-310,300				
Total General Fund	30,342,400	36,061,000	36,186,900	26,628,300	26,778,300
Restricted Funds					
Balance Forward	1,261,600	924,300	590,500	924,300	278,800
Current Receipts	1,469,600	1,473,100	1,530,500	1,473,100	1,530,500
Non-Revenue Receipts	19,013,500	19,841,400	20,710,800	19,013,500	19,013,500
Total Restricted Funds	21,744,700	22,238,800	22,831,800	21,410,900	20,822,800
Federal Funds					
Current Receipts	15,188,500	15,153,900	15,153,900	15,153,900	15,153,900
Total Federal Funds	15,188,500	15,153,900	15,153,900	15,153,900	15,153,900
TOTAL SOURCE OF FUNDS	67,275,600	73,453,700	74,172,600	63,193,100	62,755,000
EXPENDITURES BY CLASS					
Personnel Cost	41,392,500	46,574,700	49,182,300	40,482,400	41,902,700
Operating Expenses	9,946,300	10,661,500	9,853,600	7,836,700	7,357,000
Grants, Loans or Benefits	14,520,500	14,437,000	14,387,600	14,280,200	12,883,600
Capital Outlay	492,000	1,190,000	435,000	315,000	315,000
TOTAL EXPENDITURES	66,351,300	72,863,200	73,858,500	62,914,300	62,458,300
EXPENDITURES BY FUND SOURCE					
General Fund	30,342,400	36,061,000	36,186,900	26,628,300	26,778,300
Restricted Funds	20,820,400	21,648,300	22,517,700	21,132,100	20,526,100
Federal Funds	15,188,500	15,153,900	15,153,900	15,153,900	15,153,900
TOTAL EXPENDITURES	66,351,300	72,863,200	73,858,500	62,914,300	62,458,300
EXPENDITURES BY UNIT					
School Support and Administration	50,152,300	56,648,900	57,586,700	47,204,600	46,713,000
Equipment	1,607,800	1,517,800	1,517,800	1,037,800	1,037,800
Contract Services	1,004,600	1,109,900	1,167,400	1,085,300	1,120,900
Federal Programs	13,586,600	13,586,600	13,586,600	13,586,600	13,586,600
TOTAL EXPENDITURES	66,351,300	72,863,200	73,858,500	62,914,300	62,458,300

The Office of Career and Technical Education has two major statewide roles: the management and operation of 55 area technology centers serving high school students and workers in business and industry, and serving as the sole state agency for Federal Funds through the Carl D. Perkins Vocational and Applied Technology Education Act of 1998 (Public Law 105-332).

The Office of Career and Technical Education provides occupational-specific education and training for Kentucky's citizens in order to develop a skilled and versatile workforce. The main responsibility is providing education and technical training to youth and incumbent workers that match the needs of Kentucky business and industry. Skill training is directed at high school students who go directly to work after leaving high school, while creating an avenue for continued education.

Area technology centers are located throughout the Commonwealth in small- to medium-sized counties. These schools

are uniquely positioned to serve business and industry in close cooperation with the Kentucky Community and Technical College System. This provides cost-effective measures for training needs of business and industry, and assists in local economic development initiatives. Area Technology Centers are not only vital in the overall scheme of Kentucky's efforts to better prepare secondary technical students for postsecondary education or employment, but also provide an additional avenue to skill upgrades by incumbent workers in the local businesses and industries.

The 55 area technology centers provide continuing and customized technical education programs on an as-needed basis. This system serves business and industry, as well as adults in the community seeking to enhance their employment opportunities. Area technology centers provide opportunities in areas of the Commonwealth where continuing education is not available at a postsecondary institution.

Demand for training programs from business and industry may range from continuing education in computer applications to customized training programs such as robotics.

Training programs are also designed to meet the increasing demands of various state and local regulatory certification requirements. Examples include additional programs in water handling, blood and air borne pathogens, and heating and cooling systems.

The Office coordinates the state plan for the Perkins Act and implements the provisions related to the distribution of Federal Funds. Other functions include: reviewing and approving local plans, monitoring and evaluating program effectiveness, monitoring and auditing the expenditure of Federal Funds, implementing and reevaluating the statewide system of accountability, coordinating the development of the annual performance report, assuring compliance with all applicable Federal laws, and providing technical assistance. The Office serves as the liaison to occupational programs and related services in the community and technical colleges, the universities, and the Department of Education. Programs of leadership and professional development are coordinated and monitored for program effectiveness. An automated student information system, with selected characteristics for technical programs, is used in evaluating the effective preparation of students for continued education, employment, and service in the military. This automated system is a major factor in the accountability requirements of the Act. In addition, the operation and refinement of the methods of administration are components of the ongoing program evaluation.

The Perkins Act includes two major components: the Basic Grant and Tech Prep. The Basic Grant funds are for program improvement. Tech Prep funds are earmarked for the development of programs that combine at least two years of secondary education with at least two years of postsecondary education in a technical course of study leading to employment or further education. Tech Prep uses work-based and worksite learning where appropriate and available. The Office of Career and Technical Education provides statewide direction, leadership, and supervision for this initiative.

**Education Cabinet
Vocational Rehabilitation**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	13,134,400	14,407,400	14,729,500	11,655,000	11,655,000
Budget Reduction	-395,700				
Salary Compensation Fund	56,000				
Total General Fund	12,794,700	14,407,400	14,729,500	11,655,000	11,655,000
Restricted Funds					
Balance Forward	366,600	51,700		51,700	
Current Receipts	2,360,800	2,525,200	2,525,200	2,525,200	2,525,200
Total Restricted Funds	2,727,400	2,576,900	2,525,200	2,576,900	2,525,200
Federal Funds					
Balance Forward	75,400				
Current Receipts	46,415,800	48,593,200	49,599,300	42,978,300	42,600,000
Total Federal Funds	46,491,200	48,593,200	49,599,300	42,978,300	42,600,000
TOTAL SOURCE OF FUNDS	62,013,300	65,577,500	66,854,000	57,210,200	56,780,200
EXPENDITURES BY CLASS					
Personnel Cost	26,696,200	31,167,600	33,134,800	26,997,100	27,805,200
Operating Expenses	4,868,700	4,866,700	4,805,000	5,029,100	5,002,200
Grants, Loans or Benefits	30,297,200	29,413,700	28,784,700	25,054,500	23,843,300
Capital Outlay	99,500	129,500	129,500	129,500	129,500
TOTAL EXPENDITURES	61,961,600	65,577,500	66,854,000	57,210,200	56,780,200
EXPENDITURES BY FUND SOURCE					
General Fund	12,794,700	14,407,400	14,729,500	11,655,000	11,655,000
Restricted Funds	2,675,700	2,576,900	2,525,200	2,576,900	2,525,200
Federal Funds	46,491,200	48,593,200	49,599,300	42,978,300	42,600,000
TOTAL EXPENDITURES	61,961,600	65,577,500	66,854,000	57,210,200	56,780,200
EXPENDITURES BY UNIT					
Carl D. Perkins Vocational Training Center	8,295,600	9,322,700	9,781,500	8,759,700	9,171,900
Program Services	52,375,600	54,776,600	55,539,500	46,972,300	46,075,300
Executive Director	1,290,400	1,478,200	1,533,000	1,478,200	1,533,000
TOTAL EXPENDITURES	61,961,600	65,577,500	66,854,000	57,210,200	56,780,200

The Office of Vocational Rehabilitation provides for and improves the vocational rehabilitation of citizens with physical and mental disabilities. The Office helps eligible persons with disabilities achieve suitable employment.

The Office uses vocational assessments, counseling and guidance services to match workers with disabilities to labor market needs. Job preparation activities include on-the-job training and vocational and classroom instruction. Job development and placement services assist the individual in obtaining and maintaining suitable employment. Transition activities support a move from the classroom to the workplace. Rehabilitation technology adapts the physical environment at work or home to meet employment needs. Follow-up services ensure that employment is progressing satisfactorily.

The Office also provides services for employers. The Office prepares job-qualified applicants, conducts job analyses, recommends job modifications, and conducts disability awareness programs. Other services include disability awareness training programs and affirmative action planning and services to employees with disability related problems. As a result, employers experience risk reduction, save resources spent on training new hires, and increase cash flow through access to tax incentives.

The Rehabilitation Act of 1973 authorizes and provides federal funding for state vocational rehabilitation programs. Kentucky Revised Statutes 151B.180-210 complies with all provisions of the Act. The Code of Federal Regulations (CFR Chapter 34) and Title 781 of the Kentucky Administrative Regulations establish functions of the program. The Office also complies with relevant sections of the Kentucky Department of Education's administrative regulations.

Program Planning and Development provides administrative and staff functions to enhance equitable and efficient service delivery to eligible individuals with disabilities. The Division has statewide responsibility for program planning, program evaluation, policy development, human resource development, job development and placement, and development of new and innovative programs. The Division also provides staff support to the Statewide Advisory Council for Vocational Rehabilitation and the Statewide Independent Living Council. Federal regulations require an approved State Plan for Vocational Rehabilitation Services under Title I of the Rehabilitation Act as a condition for receiving Federal Funds.

The Carl D. Perkins Comprehensive Rehabilitation Center (CDPCRC) at Thelma, Kentucky, is a multi-disciplinary residential rehabilitation facility located in Johnson County. The proportion of disabled individuals in the population of Kentucky is highest in southeast Kentucky. Although the majority of referrals to the CDPCRC come from the eastern part of Kentucky, staff of the Center regularly provide services to consumers from the entire Commonwealth.

The CDPCRC operates five major programs: Vocational Evaluation, Work Adjustment, Vocational Training, Physical Restoration/Outpatient Medical Rehabilitation, and Brain Injury Community Re-entry. All programs meet state of the art standards for program quality as documented by the Commission on Accreditation of Rehabilitation Facilities (CARF). CARF is the nationally recognized accreditation authority for organizations serving consumers with disabilities. CARF standards require that accredited facilities provide consumers with timely, quality services that meet the needs of each individual. Center staff utilize CARF accreditation as a marketing tool to obtain new referrals for all programs.

Within these five programs, the following professional services are available: comprehensive vocational assessment, vocational training, physical therapy, occupational therapy, speech therapy, nursing services, physician services, adjustment services, psychological and psychiatric services, adult therapeutic recreation, vocational rehabilitation counseling, social services, assistive technology, transportation, and administrative services. A wide range of educational programs and services including developmental math, reading, GED test preparation, and the External Diploma Program are also available. The CDPCRC offers individualized placement services through Preparing Adults for Competitive Employment (PACE) and an Employment Relations Specialist.

The Program Services Division provides direct vocational rehabilitation services to eligible individuals who have physical or mental disabilities to enable them to achieve suitable employment. Program Services is responsible for the actual intake and client service delivery efforts of the Office and performs certain administration functions.

The Division implements the federal Rehabilitation Act of 1973 and must make available services appropriate to the needs of individuals with disabilities. The services enumerated in the Rehabilitation Act include: evaluation of vocational rehabilitation potential; counseling and guidance; physical and mental restoration services; vocational and other training services; maintenance; transportation; services to family members; interpreter services and note-taking services for persons who are deaf; reader services and note-taking services for persons who are blind; assistive technology and devices; personal assistance services; recruitment and training services; placement; post-employment services; occupational licenses, equipment, initial stock, and supplies; and other goods and services needed for employment.

The Administrative Management Division provides all administrative, technical, and budget related services for the Office and is responsive to the needs of the direct service delivery program staff. Responsibilities include budgeting, purchasing, financial reporting, and federal grant accounting. The Division oversees the implementation and administration of the automated case management system and coordinates the development of application programs. Staff in the Division are also responsible for records retention and maintenance of the Office's inventory records.

Education Cabinet
Education Professional Standards Board

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	10,328,800	12,993,000	12,946,100	8,973,000	9,032,600
Salary Compensation Fund	21,700				
Total General Fund	10,350,500	12,993,000	12,946,100	8,973,000	9,032,600
Restricted Funds					
Balance Forward	375,600				
Current Receipts	1,073,900	1,449,500	1,449,500	1,297,400	1,397,400
Total Restricted Funds	1,449,500	1,449,500	1,449,500	1,297,400	1,397,400
Federal Funds					
Current Receipts	472,200	122,200	122,200	122,200	122,200
Total Federal Funds	472,200	122,200	122,200	122,200	122,200
TOTAL SOURCE OF FUNDS	12,272,200	14,564,700	14,517,800	10,392,600	10,552,200
EXPENDITURES BY CLASS					
Personnel Cost	3,877,700	4,905,200	4,758,900	4,127,400	4,204,700
Operating Expenses	1,222,800	1,561,800	1,521,800	1,060,600	1,089,900
Grants, Loans or Benefits	7,171,700	8,097,700	8,237,100	5,204,600	5,257,600
TOTAL EXPENDITURES	12,272,200	14,564,700	14,517,800	10,392,600	10,552,200
EXPENDITURES BY FUND SOURCE					
General Fund	10,350,500	12,993,000	12,946,100	8,973,000	9,032,600
Restricted Funds	1,449,500	1,449,500	1,449,500	1,297,400	1,397,400
Federal Funds	472,200	122,200	122,200	122,200	122,200
TOTAL EXPENDITURES	12,272,200	14,564,700	14,517,800	10,392,600	10,552,200
EXPENDITURES BY UNIT					
EPSB Operations	4,227,000	5,797,700	5,567,100	4,048,900	4,108,500
Kentucky Teacher Internship Program	5,267,600	5,772,400	5,897,800	3,649,600	3,649,600
National Board	800,000	800,000	800,000	800,000	800,000
Certification	1,977,600	2,194,600	2,252,900	1,894,100	1,994,100
TOTAL EXPENDITURES	12,272,200	14,564,700	14,517,800	10,392,600	10,552,200

Authorized in KRS 161.028, the Education Professional Standards Board (EPSB) is a 17-member body appointed by the Governor to oversee teacher and administrator preparation, internship, and certification.

The EPSB is responsible for issuing, suspending, and revoking certificates for Kentucky's 50,500 P-12 professional educators, and ensures via an annual review that all professional positions in the state's 175 public school districts are appropriately staffed. It is responsible for developing (in cooperation with the Kentucky Department of Education and the Council on Postsecondary Education) a statewide data system for the collection, interpretation, and dissemination of data relative to the quality of educator preparation, supply, demand, and effectiveness. The board establishes performance-based standards for teacher/administrator preparation and induction, and for the accreditation of the 27 preparation programs at Kentucky's public and independent colleges and universities. It oversees the teacher/administrator assessments and the related Title II reporting, and annually publishes the Kentucky Educator Preparation Program Report Card. It administers the Continuing Education Option, in which teachers can use professional development to renew certification and move up in rank. It also administers the National Board Certification incentive programs, the supervising teacher stipend program, and alternative routes to certification, including the Troops to Teachers program.

The EPSB annually provides support to approximately 3,000 teacher interns, 300 principal interns, 2,600 supervising teachers, and 400 prospective National Board-certified teachers.

Policy

Notwithstanding the provisions of KRS 161.030(7), the recommended budget provides that resource teachers serving the Kentucky Teacher Internship Program shall spend a minimum of forty-five (45) hours working with the beginning teacher. Twenty (20) of these hours shall be in the classroom setting, and twenty-five (25) of these hours shall be in consultation other than class time or attending assessment meetings.

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Environmental and Public Protection

Environmental and Public Protection

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	109,122,500	178,757,300	189,003,500	85,809,300	92,274,100
Continuing Appropriation	1,155,200				
Budget Reduction	-4,164,900				
Salary Compensation Fund	1,198,600				
Base Deduction	-498,100				
Mandated Allotments	750,000				
Total General Fund	107,563,300	178,757,300	189,003,500	85,809,300	92,274,100
Tobacco Settlement-Phase I					
Tobacco Settlement - I	23,496,000	28,568,700	28,899,500	28,551,300	28,881,900
Continuing Appropriation	12,340,800				
Other	4,684,200				
Total Tobacco Settlement-Phase I	40,521,000	28,568,700	28,899,500	28,551,300	28,881,900
Restricted Funds					
Balance Forward	136,558,000	107,050,900	122,770,100	78,900,000	48,530,500
Current Receipts	200,426,100	193,406,600	200,687,900	209,244,600	213,025,600
Non-Revenue Receipts	209,553,300	212,682,000	218,544,600	218,877,600	199,993,200
Fund Transfers	-62,857,000			-89,020,000	-38,810,000
Total Restricted Funds	483,680,400	513,139,500	542,002,600	418,002,200	422,739,300
Federal Funds					
Balance Forward	100				
Current Receipts	79,973,600	79,781,600	87,609,200	78,825,500	86,156,500
Non-Revenue Receipts	-3,094,300	-3,268,300	-3,318,800	-3,283,100	-3,333,800
Total Federal Funds	76,879,400	76,513,300	84,290,400	75,542,400	82,822,700
Road Fund					
Regular Appropriation	300,000	109,200	45,000	300,000	300,000
Total Road Fund	300,000	109,200	45,000	300,000	300,000
TOTAL SOURCE OF FUNDS	708,944,100	797,088,000	844,241,000	608,205,200	627,018,000
EXPENDITURES BY CLASS					
Personnel Cost	232,885,800	300,068,600	322,157,500	234,794,100	244,084,600
Operating Expenses	180,174,800	182,774,500	184,352,200	165,681,700	165,545,800
Grants, Loans or Benefits	183,711,300	162,669,400	163,637,400	132,595,400	140,955,700
Debt Service	4,068,000	589,000	589,000	589,000	2,801,000
Capital Outlay	4,268,100	6,715,300	5,250,700	3,156,000	2,975,400
Construction	22,804,000	21,501,100	26,201,100	20,358,500	25,038,600
TOTAL EXPENDITURES	627,912,000	674,317,900	702,187,900	557,174,700	581,401,100
EXPENDITURES BY FUND SOURCE					
General Fund	105,431,200	178,757,300	189,003,500	83,309,300	90,049,100
Tobacco Settlement-Phase I	40,521,000	28,568,700	28,899,500	28,551,300	28,881,900
Restricted Funds	404,780,400	390,369,400	399,949,500	369,471,700	379,347,400
Federal Funds	76,879,400	76,513,300	84,290,400	75,542,400	82,822,700
Road Fund	300,000	109,200	45,000	300,000	300,000
TOTAL EXPENDITURES	627,912,000	674,317,900	702,187,900	557,174,700	581,401,100
EXPENDITURES BY UNIT					
General Administration and Program Support	16,283,700	21,410,400	22,864,000	15,632,500	15,530,600
Environmental Protection	84,684,800	98,256,400	101,149,500	72,559,900	80,722,400
Natural Resources	45,434,900	50,954,300	50,359,900	34,908,300	35,211,100
Mine Reclamation and Enforcement	32,303,600	42,800,500	47,094,000	36,338,900	39,175,600
Abandoned Mine Land Reclamation	22,000,000	22,000,000	29,000,000	22,000,000	29,000,000

Projects					
Environmental Quality Commission	221,000	331,200	350,900	232,100	239,100
Kentucky Nature Preserves Commission	2,169,400	2,447,300	2,534,300	1,543,600	1,572,400
Public Protection Commissioner	812,300	1,449,000	1,541,200	884,000	900,300
Boxing and Wrestling Authority	100,000	101,700	104,200	100,000	100,000
Petroleum Storage Tank Environmental Assurance Fund	32,357,400	30,233,800	30,325,500	29,183,100	30,940,000
Alcoholic Beverage Control	5,228,300	6,133,400	6,469,800	5,161,800	5,315,300
Charitable Gaming	3,143,200	3,551,200	3,780,800	3,057,600	3,092,900
Board of Claims/Crime Victims' Compensation Board	3,686,400	3,641,800	3,734,900	2,964,300	2,995,400
Financial Institutions	9,222,700	11,275,000	11,981,400	9,213,100	9,213,200
Horse Racing Authority	28,371,700	35,498,900	35,040,300	28,453,700	28,378,300
Housing, Buildings and Construction	17,096,700	24,528,700	27,144,500	18,147,400	19,613,500
Insurance	59,564,700	57,767,300	59,034,700	39,909,600	40,532,900
Mine Safety Review Commission	184,200	228,700	238,100	138,900	142,600
Mine Safety and Licensing	13,363,400	20,308,400	20,676,000	16,043,000	16,373,300
Public Service Commission	10,403,100	14,962,900	15,827,500	11,559,200	11,834,200
Tax Appeals	439,800	553,800	587,600	439,800	439,800
Labor	116,863,900	107,138,200	110,081,000	99,271,600	100,135,000
Occupational Safety and Health Review Commission	484,400	738,200	776,700	495,300	505,800
Workers' Compensation Board	920,200	1,136,000	1,207,300	949,200	969,000
Workers' Compensation Funding Commission	122,572,200	116,870,800	120,283,800	107,987,800	108,468,400
TOTAL EXPENDITURES	627,912,000	674,317,900	702,187,900	557,174,700	581,401,100

Pursuant to KRS 224.10-100, the Environmental and Public Protection Cabinet is charged with the protection and preservation of land, air and water resources; supervision and regulation of industries, and the administration of rules for the state concerning employer-employee relationships. The Cabinet has four departments: Environmental Protection, Natural Resources, Labor, and Public Protection.

A Secretary appointed by the Governor heads the Cabinet. The Secretary is responsible for environmental leadership, monitoring environmental trends and shaping a vision for Kentucky's environmental future. The Secretary enforces statutes and regulations through oversight activities relating to wages and hours, occupational safety and employee health, child labor, apprenticeship, and workers' compensation, ensuring the integrity of supervised industries and the safety of employees.

The Mine Safety Review Commission is part of the Environmental and Public Protection Cabinet under supervision of the Secretary. KRS 351.1041 establishes the Mine Safety Review Commission to enforce sanctions against licensed premises and certified and non-certified personnel whose willful and repeated violations of mine safety laws place miners in imminent danger of serious injury or death. The Commission is charged with conducting hearings and issuing orders regarding licensees, coal operators, and other persons involved in the mining of coal in accordance with KRS 351.194.

**Environmental and Public Protection
General Administration and Program Support**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	8,541,400	11,658,600	12,906,600	7,517,000	8,001,000
Budget Reduction	-45,100				
Salary Compensation Fund	86,700				
Total General Fund	8,583,000	11,658,600	12,906,600	7,517,000	8,001,000
Restricted Funds					
Balance Forward	500,100	220,600	68,600	379,400	165,800
Current Receipts	4,400	4,400	4,400	4,400	4,400
Non-Revenue Receipts	6,650,700	8,040,800	8,341,500	6,342,900	5,793,000
Fund Transfers	-589,300				
Total Restricted Funds	6,565,900	8,265,800	8,414,500	6,726,700	5,963,200
Federal Funds					
Current Receipts	1,568,800	1,599,100	1,610,900	1,599,100	1,610,900
Non-Revenue Receipts	-54,600	-44,500	-44,300	-44,500	-44,500
Total Federal Funds	1,514,200	1,554,600	1,566,600	1,554,600	1,566,400
TOTAL SOURCE OF FUNDS	16,663,100	21,479,000	22,887,700	15,798,300	15,530,600
EXPENDITURES BY CLASS					
Personnel Cost	14,536,000	19,614,200	21,091,000	13,362,500	13,365,800
Operating Expenses	1,734,700	1,758,200	1,760,000	2,257,000	1,709,800
Debt Service					442,000
Capital Outlay	13,000	38,000	13,000	13,000	13,000
TOTAL EXPENDITURES	16,283,700	21,410,400	22,864,000	15,632,500	15,530,600
EXPENDITURES BY FUND SOURCE					
General Fund	8,583,000	11,658,600	12,906,600	7,517,000	8,001,000
Restricted Funds	6,186,500	8,197,200	8,390,800	6,560,900	5,963,200
Federal Funds	1,514,200	1,554,600	1,566,600	1,554,600	1,566,400
TOTAL EXPENDITURES	16,283,700	21,410,400	22,864,000	15,632,500	15,530,600
EXPENDITURES BY UNIT					
General Administration and Program Support	16,283,700	21,410,400	22,864,000	15,632,500	15,530,600
TOTAL EXPENDITURES	16,283,700	21,410,400	22,864,000	15,632,500	15,530,600

General Administration and Program Support (GAPS) provides the Cabinet agencies with the centralized, professional resources necessary to carry out their mission. The Office of the Secretary is responsible for final administrative and programmatic decision-making. The Office of Administrative and Information Services serves as a central point of contact for fiscal, personnel, payroll, budget, operations and information technology services for the Cabinet. The Office of Legal Services provides legal guidance and representation for all Cabinet programs. The Office of Administrative Hearings holds administrative and adjudicatory hearings and makes recommendations of final actions to the Secretary. The Office of Inspector General is the lead investigative agency within the Cabinet. The Offices of Legislative and Intergovernmental Affairs, Regulatory Affairs and Communications and Public Outreach are responsible for various facets of improving regulatory procedures and communicating programmatic and policy information to stakeholders including the legislature, the regulated community, citizens, and local governments.

Environmental and Public Protection

Environmental Protection

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	26,118,000	42,856,000	45,564,800	22,283,600	23,639,800
Budget Reduction	-215,300				
Salary Compensation Fund	353,100				
Total General Fund	26,255,800	42,856,000	45,564,800	22,283,600	23,639,800
Restricted Funds					
Balance Forward	5,660,800	3,433,300	1,416,000	3,745,800	1,787,100
Current Receipts	14,064,300	13,174,200	14,170,600	14,953,200	15,199,400
Non-Revenue Receipts	24,057,600	19,262,000	19,416,600	14,262,000	19,416,600
Fund Transfers	-1,984,700			-2,000,000	
Total Restricted Funds	41,798,000	35,869,500	35,003,200	30,961,000	36,403,100
Federal Funds					
Current Receipts	21,840,400	22,750,000	22,697,700	22,714,700	22,500,100
Non-Revenue Receipts	-1,763,600	-1,912,300	-1,941,500	-1,912,300	-1,941,500
Total Federal Funds	20,076,800	20,837,700	20,756,200	20,802,400	20,558,600
Road Fund					
Regular Appropriation	300,000	109,200	45,000	300,000	300,000
Total Road Fund	300,000	109,200	45,000	300,000	300,000
TOTAL SOURCE OF FUNDS	88,430,600	99,672,400	101,369,200	74,347,000	80,901,500
EXPENDITURES BY CLASS					
Personnel Cost	52,210,000	67,000,100	70,718,400	52,123,900	53,060,700
Operating Expenses	7,540,900	9,507,300	8,522,300	7,473,700	7,402,600
Grants, Loans or Benefits	14,820,400	15,434,500	15,717,500	8,184,500	15,467,500
Debt Service					91,000
Capital Outlay	1,359,500	1,714,500	1,591,300	1,320,400	1,263,100
Construction	8,754,000	4,600,000	4,600,000	3,457,400	3,437,500
TOTAL EXPENDITURES	84,684,800	98,256,400	101,149,500	72,559,900	80,722,400
EXPENDITURES BY FUND SOURCE					
General Fund	26,255,800	42,856,000	45,564,800	22,283,600	23,639,800
Restricted Funds	38,052,200	34,453,500	34,783,500	29,173,900	36,224,000
Federal Funds	20,076,800	20,837,700	20,756,200	20,802,400	20,558,600
Road Fund	300,000	109,200	45,000	300,000	300,000
TOTAL EXPENDITURES	84,684,800	98,256,400	101,149,500	72,559,900	80,722,400
EXPENDITURES BY UNIT					
Commissioner	1,992,300	2,557,200	2,675,200	1,637,800	1,688,100
Water	24,114,400	30,946,200	31,653,900	24,664,600	25,085,000
Waste Management	37,491,400	37,958,200	38,918,300	25,606,100	32,822,800
Air Quality	14,108,100	18,330,800	19,049,400	14,469,700	14,764,700
Environmental Services	3,508,500	4,145,800	4,292,900	3,008,900	3,035,500
Maxey Flats	499,900	668,600	679,300	415,600	427,000
Enforcement	1,505,000	1,886,300	2,006,200	1,414,600	1,457,000
Compliance Assistance	1,465,200	1,763,300	1,874,300	1,342,600	1,442,300
TOTAL EXPENDITURES	84,684,800	98,256,400	101,149,500	72,559,900	80,722,400

The Department for Environmental Protection is responsible for the protection of the environmental health of Kentucky's citizens through the prevention, abatement, and control of water, land, and air pollution. The Department oversees environmental enforcement and compliance assistance operations for four program areas: Water, Air Quality, Waste Management, and Environmental Services. The Department also is responsible for the Maxey Flats low-level nuclear waste disposal site.

**Environmental and Public Protection
Environmental Protection
Commissioner**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,662,100	2,161,600	2,268,500	1,242,200	1,281,400
Budget Reduction	-5,700				
Salary Compensation Fund	5,300				
Total General Fund	1,661,700	2,161,600	2,268,500	1,242,200	1,281,400
Restricted Funds					
Balance Forward	120,800	52,200	19,700	52,200	19,700
Current Receipts	200	200	200	200	200
Non-Revenue Receipts	282,900	362,900	391,200	362,900	391,200
Fund Transfers	-21,100				
Total Restricted Funds	382,800	415,300	411,100	415,300	411,100
TOTAL SOURCE OF FUNDS	2,044,500	2,576,900	2,679,600	1,657,500	1,692,500
EXPENDITURES BY CLASS					
Personnel Cost	1,691,100	2,241,300	2,404,600	1,415,000	1,465,000
Operating Expenses	260,500	314,300	269,000	221,200	221,500
Capital Outlay	40,700	1,600	1,600	1,600	1,600
TOTAL EXPENDITURES	1,992,300	2,557,200	2,675,200	1,637,800	1,688,100
EXPENDITURES BY FUND SOURCE					
General Fund	1,661,700	2,161,600	2,268,500	1,242,200	1,281,400
Restricted Funds	330,600	395,600	406,700	395,600	406,700
TOTAL EXPENDITURES	1,992,300	2,557,200	2,675,200	1,637,800	1,688,100

The Office of the Commissioner, pursuant to KRS 224.10-020(1), provides leadership, policy direction, and management for the Department for Environmental Protection.

Environmental and Public Protection

Environmental Protection

Water

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	11,955,000	17,524,400	18,334,900	11,052,000	11,511,000
Budget Reduction	-100,000				
Salary Compensation Fund	59,000				
Total General Fund	11,914,000	17,524,400	18,334,900	11,052,000	11,511,000
Restricted Funds					
Balance Forward	663,400	833,700	535,700	833,700	535,700
Current Receipts	743,900	680,200	680,200	680,200	680,200
Non-Revenue Receipts	635,900	710,800	717,000	710,800	717,000
Fund Transfers	-176,000				
Total Restricted Funds	1,867,200	2,224,700	1,932,900	2,224,700	1,932,900
Federal Funds					
Current Receipts	11,451,800	12,326,600	12,191,000	12,326,600	12,191,000
Non-Revenue Receipts	-584,900	-703,000	-709,200	-703,000	-709,200
Total Federal Funds	10,866,900	11,623,600	11,481,800	11,623,600	11,481,800
Road Fund					
Regular Appropriation	300,000	109,200	45,000	300,000	300,000
Total Road Fund	300,000	109,200	45,000	300,000	300,000
TOTAL SOURCE OF FUNDS	24,948,100	31,481,900	31,794,600	25,200,300	25,225,700
EXPENDITURES BY CLASS					
Personnel Cost	19,371,800	24,762,500	26,244,100	19,639,700	20,172,800
Operating Expenses	1,960,800	2,892,700	2,378,900	2,158,000	2,040,300
Grants, Loans or Benefits	2,781,800	3,030,900	3,030,900	2,780,900	2,780,900
Debt Service					91,000
Capital Outlay		260,100		86,000	
TOTAL EXPENDITURES	24,114,400	30,946,200	31,653,900	24,664,600	25,085,000
EXPENDITURES BY FUND SOURCE					
General Fund	11,914,000	17,524,400	18,334,900	11,052,000	11,511,000
Restricted Funds	1,033,500	1,689,000	1,792,200	1,689,000	1,792,200
Federal Funds	10,866,900	11,623,600	11,481,800	11,623,600	11,481,800
Road Fund	300,000	109,200	45,000	300,000	300,000
TOTAL EXPENDITURES	24,114,400	30,946,200	31,653,900	24,664,600	25,085,000

The Division of Water, pursuant to KRS Chapters 146, 149, 151, 200, 223, 224, 224A, 261, 350.029, 350.275 and federal law including PL 92-500 (the Clean Water Act) and 92-523 (the Safe Drinking Water Act), is responsible for administering programs for: ensuring a safe drinking water supply, water quality maintenance, water storage overflow prevention, water improvements construction safety, groundwater protection, wastewater treatment and sewer line construction, and water conservation, promotion, regulation, and development.

The Division administers programs relating to groundwater protection plans, Total Maximum Daily Load Plans, the Non-Point Source 319(h) Grant program, watershed management, dam safety inspections, Clean Water and Drinking Water State Revolving Loan programs, Kentucky Pollution Discharge Elimination System permitting, on-site sewage inspections, confined animal feeding operations compliance, logging operations, and Forestry Conservation Act compliance.

Environmental and Public Protection
Environmental Protection
Waste Management

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	6,187,300	12,049,000	13,687,500	4,820,600	5,440,500
Budget Reduction	-21,100				
Salary Compensation Fund	55,500				
Total General Fund	6,221,700	12,049,000	13,687,500	4,820,600	5,440,500
Restricted Funds					
Balance Forward	2,171,100	879,400	77,000	1,121,200	318,800
Current Receipts	3,479,200	1,457,000	1,457,000	3,333,300	3,326,100
Non-Revenue Receipts	22,102,300	17,085,300	17,146,500	12,085,300	17,146,500
Fund Transfers	-1,613,700			-2,000,000	
Total Restricted Funds	26,138,900	19,421,700	18,680,500	14,539,800	20,791,400
Federal Funds					
Current Receipts	7,077,600	7,447,000	7,516,800	7,447,000	7,516,800
Non-Revenue Receipts	-825,600	-882,500	-891,900	-882,500	-891,900
Total Federal Funds	6,252,000	6,564,500	6,624,900	6,564,500	6,624,900
TOTAL SOURCE OF FUNDS	38,612,600	38,035,200	38,992,900	25,924,900	32,856,800
EXPENDITURES BY CLASS					
Personnel Cost	14,726,200	18,455,200	19,212,500	14,738,800	14,713,800
Operating Expenses	2,315,900	2,816,200	2,575,600	2,381,600	2,365,300
Grants, Loans or Benefits	11,598,300	11,986,800	12,264,700	4,986,800	12,264,700
Capital Outlay	97,000	100,000	265,500	41,500	41,500
Construction	8,754,000	4,600,000	4,600,000	3,457,400	3,437,500
TOTAL EXPENDITURES	37,491,400	37,958,200	38,918,300	25,606,100	32,822,800
EXPENDITURES BY FUND SOURCE					
General Fund	6,221,700	12,049,000	13,687,500	4,820,600	5,440,500
Restricted Funds	25,017,700	19,344,700	18,605,900	14,221,000	20,757,400
Federal Funds	6,252,000	6,564,500	6,624,900	6,564,500	6,624,900
TOTAL EXPENDITURES	37,491,400	37,958,200	38,918,300	25,606,100	32,822,800

The Division of Waste Management, pursuant to KRS 224, administers programs that regulate the generation, transportation, storage, treatment, and disposal of all hazardous and solid wastes in the state. Additional responsibilities include resources use and recycling initiatives, technical assistance to counties, and solid waste management districts to facilitate compliance with 401 KAR, Chapter 49. The Division is also responsible for investigation and restoration duties at abandoned hazardous waste disposal sites and citizen education concerning waste management issues. The Division also administers the Voluntary Environmental Remediation Act and the Certified Clean Counties initiative.

Pursuant to KRS 224.43-505, the Division manages the Kentucky Pride Fund, which encourages proper solid waste management in Kentucky through waste reduction, recycling, proper closure of abandoned landfills, education, proper collection and disposal of solid waste, elimination of illegal open dumps, and abatement of litter.

Policy

Notwithstanding KRS 224.43-320, no funds are provided in the above appropriations for the assignment of full-time

inspectors to each municipal solid waste landfill operating in the Commonwealth.

The Kentucky Pride Fund shall transfer \$2 million in fiscal year 2009 to the General Fund. No transfer from the Road Fund nor the Transportation Cabinet Secretary's Contingency Fund shall be made in fiscal year 2009.

Environmental and Public Protection
Environmental Protection
Air Quality

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,475,200	5,016,200	4,800,400	1,274,000	1,290,200
Budget Reduction	-5,100				
Salary Compensation Fund	36,200				
Total General Fund	1,506,300	5,016,200	4,800,400	1,274,000	1,290,200
Restricted Funds					
Balance Forward	2,178,200	1,329,000	626,600	1,394,800	692,400
Current Receipts	9,647,400	10,847,200	11,847,200	10,749,900	11,006,900
Non-Revenue Receipts	193,200	190,400	205,400	190,400	205,400
Fund Transfers	-100,000				
Total Restricted Funds	11,918,800	12,366,600	12,679,200	12,335,100	11,904,700
Federal Funds					
Current Receipts	2,275,300	1,765,000	1,775,200	1,743,400	1,775,200
Non-Revenue Receipts	-197,500	-190,400	-205,400	-190,400	-205,400
Total Federal Funds	2,077,800	1,574,600	1,569,800	1,553,000	1,569,800
TOTAL SOURCE OF FUNDS	15,502,900	18,957,400	19,049,400	15,162,100	14,764,700
EXPENDITURES BY CLASS					
Personnel Cost	11,359,000	15,086,300	15,953,700	11,755,400	11,967,400
Operating Expenses	1,369,900	1,709,300	1,539,100	1,312,600	1,314,900
Grants, Loans or Benefits	322,400	322,400	322,400	322,400	322,400
Capital Outlay	1,056,800	1,212,800	1,234,200	1,079,300	1,160,000
TOTAL EXPENDITURES	14,108,100	18,330,800	19,049,400	14,469,700	14,764,700
EXPENDITURES BY FUND SOURCE					
General Fund	1,506,300	5,016,200	4,800,400	1,274,000	1,290,200
Restricted Funds	10,524,000	11,740,000	12,679,200	11,642,700	11,904,700
Federal Funds	2,077,800	1,574,600	1,569,800	1,553,000	1,569,800
TOTAL EXPENDITURES	14,108,100	18,330,800	19,049,400	14,469,700	14,764,700

The Division of Air Quality is responsible for the identification and implementation of measures necessary to achieve and maintain ambient air quality standards as mandated by the federal Clean Air Act and KRS 224.10-100. The Division accomplishes its mission by operating a comprehensive program of air quality monitoring; planning, construction, and operation permitting; and source inspections and enforcement to ensure compliance with air pollution laws and regulations.

The 1990 Clean Air Act Amendments imposed new permitting requirements to protect air quality. Federal law requires that an emission fee be levied on facilities with significant air pollutants to fund the implementation of the new requirements. If a state does not have continued authorization, the fee will be collected by the U.S. Environmental Protection Agency to fund a federal permitting program.

**Environmental and Public Protection
Environmental Protection
Environmental Services**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	3,203,900	3,706,400	3,949,000	2,628,100	2,628,100
Budget Reduction	-40,700				
Salary Compensation Fund	6,900				
Total General Fund	3,170,100	3,706,400	3,949,000	2,628,100	2,628,100
Restricted Funds					
Balance Forward	150,200	113,000		117,900	63,500
Current Receipts	37,200	22,100	22,100	22,100	22,100
Non-Revenue Receipts	229,300	246,400	263,900	246,400	263,900
Fund Transfers	-18,300				
Total Restricted Funds	398,400	381,500	286,000	386,400	349,500
Federal Funds					
Current Receipts	66,800	66,800	66,800	66,800	66,800
Non-Revenue Receipts	-8,900	-8,900	-8,900	-8,900	-8,900
Total Federal Funds	57,900	57,900	57,900	57,900	57,900
TOTAL SOURCE OF FUNDS	3,626,400	4,145,800	4,292,900	3,072,400	3,035,500
EXPENDITURES BY CLASS					
Personnel Cost	2,095,600	2,774,700	2,967,700	1,856,100	1,922,100
Operating Expenses	1,239,000	1,250,200	1,251,200	1,031,900	1,039,400
Grants, Loans or Benefits	8,900	8,900	14,000	8,900	14,000
Capital Outlay	165,000	112,000	60,000	112,000	60,000
TOTAL EXPENDITURES	3,508,500	4,145,800	4,292,900	3,008,900	3,035,500
EXPENDITURES BY FUND SOURCE					
General Fund	3,170,100	3,706,400	3,949,000	2,628,100	2,628,100
Restricted Funds	280,500	381,500	286,000	322,900	349,500
Federal Funds	57,900	57,900	57,900	57,900	57,900
TOTAL EXPENDITURES	3,508,500	4,145,800	4,292,900	3,008,900	3,035,500

The Division of Environmental Services, pursuant to KRS 224.10-100(7), provides the necessary laboratory services for characterizing, evaluating, and documenting the nature and extent of environmental pollutants in the Commonwealth. The Division's services support the regulatory, permitting, and enforcement efforts for air, water, and waste management activities, in addition to the investigation of spills and other environmental emergencies. The Division also certifies chemistry laboratories that test drinking water in Kentucky.

Environmental and Public Protection
Environmental Protection
Maxey Flats

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	500,300	668,600	679,300	415,600	427,000
Budget Reduction	-1,700				
Salary Compensation Fund	1,300				
Total General Fund	499,900	668,600	679,300	415,600	427,000
TOTAL SOURCE OF FUNDS	499,900	668,600	679,300	415,600	427,000
EXPENDITURES BY CLASS					
Personnel Cost	373,300	490,800	517,500	300,300	311,500
Operating Expenses	68,100	127,800	111,800	65,300	65,500
Grants, Loans or Benefits	58,500	50,000	50,000	50,000	50,000
TOTAL EXPENDITURES	499,900	668,600	679,300	415,600	427,000
EXPENDITURES BY FUND SOURCE					
General Fund	499,900	668,600	679,300	415,600	427,000
TOTAL EXPENDITURES	499,900	668,600	679,300	415,600	427,000

Maxey Flats, originally operated as a low-level nuclear waste disposal site, was closed in 1977. The Commonwealth of Kentucky assumed ownership and responsibility for the toxic site in 1978, and is responsible for long-term monitoring and maintenance activities of the site in perpetuity.

Environmental and Public Protection
Environmental Protection
Enforcement

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,011,500	1,069,500	1,328,500	597,800	779,300
Budget Reduction	-40,000				
Salary Compensation Fund	5,300				
Total General Fund	976,800	1,069,500	1,328,500	597,800	779,300
Restricted Funds					
Balance Forward	169,100	152,800		152,800	
Non-Revenue Receipts	278,500	303,500	309,700	303,500	309,700
Fund Transfers	-18,000				
Total Restricted Funds	429,600	456,300	309,700	456,300	309,700
Federal Funds					
Current Receipts	306,800	416,200	424,600	416,200	424,600
Non-Revenue Receipts	-55,400	-55,700	-56,600	-55,700	-56,600
Total Federal Funds	251,400	360,500	368,000	360,500	368,000
TOTAL SOURCE OF FUNDS	1,657,800	1,886,300	2,006,200	1,414,600	1,457,000
EXPENDITURES BY CLASS					
Personnel Cost	1,387,300	1,737,600	1,858,800	1,295,900	1,338,200
Operating Expenses	117,700	148,700	147,400	118,700	118,800
TOTAL EXPENDITURES	1,505,000	1,886,300	2,006,200	1,414,600	1,457,000
EXPENDITURES BY FUND SOURCE					
General Fund	976,800	1,069,500	1,328,500	597,800	779,300
Restricted Funds	276,800	456,300	309,700	456,300	309,700
Federal Funds	251,400	360,500	368,000	360,500	368,000
TOTAL EXPENDITURES	1,505,000	1,886,300	2,006,200	1,414,600	1,457,000

The Division of Enforcement, pursuant to KRS 224.10-050, is responsible for effective and timely enforcement of Kentucky's environmental laws pertaining to air, waste, and water. The Division carries out enforcement actions against corporations and individuals who are out of compliance with environmental law and/or regulations.

**Environmental and Public Protection
Environmental Protection
Compliance Assistance**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	122,700	660,300	516,700	253,300	282,300
Budget Reduction	-1,000				
Salary Compensation Fund	183,600				
Total General Fund	305,300	660,300	516,700	253,300	282,300
Restricted Funds					
Balance Forward	208,000	73,200	157,000	73,200	157,000
Current Receipts	156,400	167,500	163,900	167,500	163,900
Non-Revenue Receipts	335,500	362,700	382,900	362,700	382,900
Fund Transfers	-37,600				
Total Restricted Funds	662,300	603,400	703,800	603,400	703,800
Federal Funds					
Current Receipts	662,100	728,400	723,300	714,700	525,700
Non-Revenue Receipts	-91,300	-71,800	-69,500	-71,800	-69,500
Total Federal Funds	570,800	656,600	653,800	642,900	456,200
TOTAL SOURCE OF FUNDS	1,538,400	1,920,300	1,874,300	1,499,600	1,442,300
EXPENDITURES BY CLASS					
Personnel Cost	1,205,700	1,451,700	1,559,500	1,122,700	1,169,900
Operating Expenses	209,000	248,100	249,300	184,400	236,900
Grants, Loans or Benefits	50,500	35,500	35,500	35,500	35,500
Capital Outlay		28,000	30,000		
TOTAL EXPENDITURES	1,465,200	1,763,300	1,874,300	1,342,600	1,442,300
EXPENDITURES BY FUND SOURCE					
General Fund	305,300	660,300	516,700	253,300	282,300
Restricted Funds	589,100	446,400	703,800	446,400	703,800
Federal Funds	570,800	656,600	653,800	642,900	456,200
TOTAL EXPENDITURES	1,465,200	1,763,300	1,874,300	1,342,600	1,442,300

The Division of Compliance Assistance supports the Cabinet's environmental mission by facilitating brownfield redevelopment, certifying environmental professionals, enabling compliance assistance, and encouraging environmental leadership.

**Environmental and Public Protection
Natural Resources**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	14,895,700	29,152,400	29,394,800	11,760,700	14,135,200
Budget Reduction	-126,400				
Salary Compensation Fund	237,500				
Base Deduction	-251,800				
Total General Fund	14,755,000	29,152,400	29,394,800	11,760,700	14,135,200
Tobacco Settlement-Phase I					
Tobacco Settlement - I	9,000,000	9,000,000	9,000,000	9,000,000	9,000,000
Continuing Appropriation	9,152,800				
Total Tobacco Settlement-Phase I	18,152,800	9,000,000	9,000,000	9,000,000	9,000,000
Restricted Funds					
Balance Forward	4,079,700	2,568,400	1,057,700	2,243,300	1,277,700
Current Receipts	3,000,200	2,550,900	2,516,100	2,050,900	2,016,100
Non-Revenue Receipts	1,813,800	1,858,600	1,662,400	3,878,100	1,681,900
Fund Transfers	-828,100				
Total Restricted Funds	8,065,600	6,977,900	5,236,200	8,172,300	4,975,700
Federal Funds					
Current Receipts	6,798,600	6,970,300	6,970,300	7,361,100	7,361,100
Non-Revenue Receipts	-93,800	-88,600	-88,600	-108,100	-108,100
Total Federal Funds	6,704,800	6,881,700	6,881,700	7,253,000	7,253,000
TOTAL SOURCE OF FUNDS	47,678,200	52,012,000	50,512,700	36,186,000	35,363,900
EXPENDITURES BY CLASS					
Personnel Cost	15,602,300	23,651,300	24,739,100	15,263,700	15,739,000
Operating Expenses	3,770,200	4,436,200	3,891,300	3,077,600	3,073,000
Grants, Loans or Benefits	24,042,300	18,512,700	18,344,800	14,139,400	13,971,500
Capital Outlay	1,020,100	2,354,100	1,384,700	427,600	427,600
Construction	1,000,000	2,000,000	2,000,000	2,000,000	2,000,000
TOTAL EXPENDITURES	45,434,900	50,954,300	50,359,900	34,908,300	35,211,100
EXPENDITURES BY FUND SOURCE					
General Fund	14,755,000	29,152,400	29,394,800	11,760,700	14,135,200
Tobacco Settlement-Phase I	18,152,800	9,000,000	9,000,000	9,000,000	9,000,000
Restricted Funds	5,822,300	5,920,200	5,083,400	6,894,600	4,822,900
Federal Funds	6,704,800	6,881,700	6,881,700	7,253,000	7,253,000
TOTAL EXPENDITURES	45,434,900	50,954,300	50,359,900	34,908,300	35,211,100
EXPENDITURES BY UNIT					
Commissioner	348,200	418,600	444,300	300,600	309,300
Forestry	16,868,500	26,701,600	25,820,700	16,457,800	16,813,000
Forest Fire Suppression	240,000	240,000	240,000	240,000	240,000
Technical and Administrative Support	1,317,800	1,686,700	1,772,600	1,244,800	1,253,700
Conservation	24,593,800	19,181,600	19,191,800	14,799,000	14,682,300
Oil and Gas	2,066,600	2,725,800	2,890,500	1,866,100	1,912,800
TOTAL EXPENDITURES	45,434,900	50,954,300	50,359,900	34,908,300	35,211,100

The Department for Natural Resources' mission is to preserve, protect, and enhance the Commonwealth's natural land resources.

**Environmental and Public Protection
Natural Resources
Commissioner**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	348,200	418,600	444,300	300,600	309,300
Total General Fund	348,200	418,600	444,300	300,600	309,300
TOTAL SOURCE OF FUNDS	348,200	418,600	444,300	300,600	309,300
EXPENDITURES BY CLASS					
Personnel Cost	269,300	338,400	364,100	222,500	231,200
Operating Expenses	78,900	80,200	80,200	78,100	78,100
TOTAL EXPENDITURES	348,200	418,600	444,300	300,600	309,300
EXPENDITURES BY FUND SOURCE					
General Fund	348,200	418,600	444,300	300,600	309,300
TOTAL EXPENDITURES	348,200	418,600	444,300	300,600	309,300

The Office of the Commissioner provides leadership, policy direction, and management for the Department for Natural Resources. The Office also provides administrative oversight for the Kentucky Heritage Land Conservation Fund Board, the Biodiversity Council, and the Forestry Best Management Practices Board.

Environmental and Public Protection
Natural Resources
Forestry

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	10,426,400	20,194,000	19,331,700	8,059,400	10,371,100
Salary Compensation Fund	90,000				
Base Deduction	-195,000				
Total General Fund	10,321,400	20,194,000	19,331,700	8,059,400	10,371,100
Restricted Funds					
Balance Forward	1,329,800	445,600	289,900	507,700	352,000
Current Receipts	1,244,200	937,000	937,000	437,000	437,000
Non-Revenue Receipts	124,200	118,900	118,900	2,138,400	138,400
Fund Transfers	-218,400				
Total Restricted Funds	2,479,800	1,501,500	1,345,800	3,083,100	927,400
Federal Funds					
Current Receipts	4,666,200	5,381,900	5,381,900	5,772,700	5,772,700
Non-Revenue Receipts	-91,200	-85,900	-85,900	-105,400	-105,400
Total Federal Funds	4,575,000	5,296,000	5,296,000	5,667,300	5,667,300
TOTAL SOURCE OF FUNDS	17,376,200	26,991,500	25,973,500	16,809,800	16,965,800
EXPENDITURES BY CLASS					
Personnel Cost	10,991,400	17,477,700	18,125,500	10,843,800	11,216,900
Operating Expenses	2,878,900	3,483,900	2,944,600	2,323,800	2,325,900
Grants, Loans or Benefits	1,098,600	1,385,900	1,365,900	862,600	842,600
Capital Outlay	899,600	2,354,100	1,384,700	427,600	427,600
Construction	1,000,000	2,000,000	2,000,000	2,000,000	2,000,000
TOTAL EXPENDITURES	16,868,500	26,701,600	25,820,700	16,457,800	16,813,000
EXPENDITURES BY FUND SOURCE					
General Fund	10,321,400	20,194,000	19,331,700	8,059,400	10,371,100
Restricted Funds	1,972,100	1,211,600	1,193,000	2,731,100	774,600
Federal Funds	4,575,000	5,296,000	5,296,000	5,667,300	5,667,300
TOTAL EXPENDITURES	16,868,500	26,701,600	25,820,700	16,457,800	16,813,000

The Division of Forestry provides technical assistance on sound forest management practices to private woodland owners, acquires new state forest land, and reforests idle or unproductive land. The Division protects the Commonwealth's 11.9 million acres of forest resources from forest fires, disease, and insects.

**Environmental and Public Protection
Natural Resources
Forest Fire Suppression**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	240,000	240,000	240,000	240,000	240,000
Total General Fund	240,000	240,000	240,000	240,000	240,000
TOTAL SOURCE OF FUNDS	240,000	240,000	240,000	240,000	240,000
EXPENDITURES BY CLASS					
Personnel Cost	240,000	240,000	240,000	240,000	240,000
TOTAL EXPENDITURES	240,000	240,000	240,000	240,000	240,000
EXPENDITURES BY FUND SOURCE					
General Fund	240,000	240,000	240,000	240,000	240,000
TOTAL EXPENDITURES	240,000	240,000	240,000	240,000	240,000

The Division of Forestry, pursuant to KRS 149.010, provides for organized fire protection. Nine Division of Forestry districts perform wildland fire detection, suppression, and law enforcement activities. The Division supplements its fire suppression capacity by training and equipping rural fire departments. The Division also uses Department of Corrections crews and Kentucky National Guard personnel and equipment during fire emergencies.

Policy

General Fund baseline resources of \$240,000 annually are provided to the Division for emergency fire suppression costs. Language contained in the appropriations bill declares that expenditures in excess of this amount are a necessary government expense and are to be paid from the General Fund Surplus Account (KRS 48.700) or the Budget Reserve Trust Fund (KRS 48.705).

**Environmental and Public Protection
Natural Resources
Technical and Administrative Support**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	290,900	444,100	654,700	17,200	109,900
Salary Compensation Fund	10,000				
Base Deduction	-56,800				
Total General Fund	244,100	444,100	654,700	17,200	109,900
Restricted Funds					
Balance Forward	150,300	182,700	127,100	193,600	153,000
Non-Revenue Receipts	1,137,000	1,187,000	990,800	1,187,000	990,800
Fund Transfers	-20,000				
Total Restricted Funds	1,267,300	1,369,700	1,117,900	1,380,600	1,143,800
TOTAL SOURCE OF FUNDS	1,511,400	1,813,800	1,772,600	1,397,800	1,253,700
EXPENDITURES BY CLASS					
Personnel Cost	1,052,100	1,442,800	1,550,700	1,013,100	1,044,000
Operating Expenses	193,700	156,900	156,900	144,700	144,700
Grants, Loans or Benefits	72,000	87,000	65,000	87,000	65,000
TOTAL EXPENDITURES	1,317,800	1,686,700	1,772,600	1,244,800	1,253,700
EXPENDITURES BY FUND SOURCE					
General Fund	244,100	444,100	654,700	17,200	109,900
Restricted Funds	1,073,700	1,242,600	1,117,900	1,227,600	1,143,800
TOTAL EXPENDITURES	1,317,800	1,686,700	1,772,600	1,244,800	1,253,700

The Office of Technical and Administrative Support, pursuant to KRS 224.10-020, provides general support to all divisions and programs in the Department for Natural Resources. The Office is responsible for the development, coordination and implementation of all administrative processes within the Department including fiscal affairs, human resources, property management, purchasing, and state and federal program administration. The Office also provides technical expertise to develop and implement state and federal regulations relating to surface mining, abandoned mine lands, oil and gas conservation, mine safety, forestry, and conservation. The Office also coordinates information technology processes and applications within the Department in accordance with cabinet, state, and federal guidelines. The Kentucky Heritage Land Conservation Fund is attached to and administered by the Office pursuant to KRS 146.570.

**Environmental and Public Protection
Natural Resources
Conservation**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	2,540,700	6,777,600	6,966,500	2,407,300	2,407,300
Salary Compensation Fund	107,500				
Total General Fund	2,648,200	6,777,600	6,966,500	2,407,300	2,407,300
Tobacco Settlement-Phase I					
Tobacco Settlement - I	9,000,000	9,000,000	9,000,000	9,000,000	9,000,000
Continuing Appropriation	9,152,800				
Total Tobacco Settlement-Phase I	18,152,800	9,000,000	9,000,000	9,000,000	9,000,000
Restricted Funds					
Balance Forward	1,960,400	1,425,300	640,700	1,462,700	690,400
Current Receipts	623,100	481,000	446,200	481,000	446,200
Non-Revenue Receipts	552,600	552,700	552,700	552,700	552,700
Fund Transfers	-10,400				
Total Restricted Funds	3,125,700	2,459,000	1,639,600	2,496,400	1,689,300
Federal Funds					
Current Receipts	2,132,400	1,588,400	1,588,400	1,588,400	1,588,400
Non-Revenue Receipts	-2,600	-2,700	-2,700	-2,700	-2,700
Total Federal Funds	2,129,800	1,585,700	1,585,700	1,585,700	1,585,700
TOTAL SOURCE OF FUNDS	26,056,500	19,822,300	19,191,800	15,489,400	14,682,300
EXPENDITURES BY CLASS					
Personnel Cost	1,567,300	1,964,000	2,105,000	1,517,800	1,532,900
Operating Expenses	216,200	242,800	242,900	156,400	155,500
Grants, Loans or Benefits	22,810,300	16,974,800	16,843,900	13,124,800	12,993,900
TOTAL EXPENDITURES	24,593,800	19,181,600	19,191,800	14,799,000	14,682,300
EXPENDITURES BY FUND SOURCE					
General Fund	2,648,200	6,777,600	6,966,500	2,407,300	2,407,300
Tobacco Settlement-Phase I	18,152,800	9,000,000	9,000,000	9,000,000	9,000,000
Restricted Funds	1,663,000	1,818,300	1,639,600	1,806,000	1,689,300
Federal Funds	2,129,800	1,585,700	1,585,700	1,585,700	1,585,700
TOTAL EXPENDITURES	24,593,800	19,181,600	19,191,800	14,799,000	14,682,300

The Division of Conservation provides assistance to Kentucky's 121 conservation districts in the development and implementation of sound conservation programs to protect, enhance, and develop the Commonwealth's natural resources. The Division also develops educational activities, provides local conservation districts with financial assistance and equipment loans for conservation and water quality-related work on Kentucky lands, and provides administrative services to the State Soil and Water Conservation Commission. The Division also administers the Soil Conservation Technical Assistance program.

Policy

The Governor's recommended budget provides Phase I Tobacco Settlement Funds of \$9,000,000 in each fiscal year of the 2008-2010 biennium for the state share of the Environmental Stewardship Program.

Environmental and Public Protection
Natural Resources
Oil and Gas

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,049,500	1,078,100	1,757,600	736,200	697,600
Budget Reduction	-126,400				
Salary Compensation Fund	30,000				
Total General Fund	953,100	1,078,100	1,757,600	736,200	697,600
Restricted Funds					
Balance Forward	639,200	514,800		79,300	82,300
Current Receipts	1,132,900	1,132,900	1,132,900	1,132,900	1,132,900
Fund Transfers	-579,300				
Total Restricted Funds	1,192,800	1,647,700	1,132,900	1,212,200	1,215,200
TOTAL SOURCE OF FUNDS	2,145,900	2,725,800	2,890,500	1,948,400	1,912,800
EXPENDITURES BY CLASS					
Personnel Cost	1,482,200	2,188,400	2,353,800	1,426,500	1,474,000
Operating Expenses	402,500	472,400	466,700	374,600	368,800
Grants, Loans or Benefits	61,400	65,000	70,000	65,000	70,000
Capital Outlay	120,500				
TOTAL EXPENDITURES	2,066,600	2,725,800	2,890,500	1,866,100	1,912,800
EXPENDITURES BY FUND SOURCE					
General Fund	953,100	1,078,100	1,757,600	736,200	697,600
Restricted Funds	1,113,500	1,647,700	1,132,900	1,129,900	1,215,200
TOTAL EXPENDITURES	2,066,600	2,725,800	2,890,500	1,866,100	1,912,800

The Division of Oil and Gas, pursuant to KRS Chapter 353, is responsible for the conservation of oil and gas resources of the Commonwealth and for the protection of correlative rights of mineral owners. The Division's mission is to prevent waste and unnecessary loss, to encourage the maximum recovery of oil and gas, to promote safety, and to prevent contamination of underground water resources. The Division is also charged with the collection of geological data obtained from the drilling of oil and gas wells for deposit in the Kentucky Geological Survey whose records are for public use. The Division also plugs abandoned wells.

**Environmental and Public Protection
Mine Reclamation and Enforcement**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	10,828,200	14,318,600	16,320,500	9,531,000	9,689,500
Budget Reduction	-426,900				
Salary Compensation Fund	104,800				
Base Deduction	-89,100				
Total General Fund	10,417,000	14,318,600	16,320,500	9,531,000	9,689,500
Restricted Funds					
Balance Forward	2,213,800	1,542,700	198,200	672,700	103,300
Current Receipts	276,700	126,400	126,300	126,400	126,300
Non-Revenue Receipts	2,519,300	6,651,800	9,199,800	6,908,600	9,483,300
Fund Transfers	-983,400				
Total Restricted Funds	4,026,400	8,320,900	9,524,300	7,707,700	9,712,900
Federal Funds					
Current Receipts	19,409,700	21,262,300	22,174,100	20,106,600	20,695,100
Non-Revenue Receipts	-876,800	-903,100	-921,900	-903,100	-921,900
Total Federal Funds	18,532,900	20,359,200	21,252,200	19,203,500	19,773,200
TOTAL SOURCE OF FUNDS	32,976,300	42,998,700	47,097,000	36,442,200	39,175,600
EXPENDITURES BY CLASS					
Personnel Cost	25,571,900	33,765,400	36,898,900	28,045,200	29,750,400
Operating Expenses	4,160,200	4,111,700	4,098,400	3,579,600	3,710,600
Grants, Loans or Benefits	1,355,700	1,547,300	1,533,600	1,472,300	1,458,600
Capital Outlay	1,065,800	975,000	1,162,000	840,700	854,900
Construction	150,000	2,401,100	3,401,100	2,401,100	3,401,100
TOTAL EXPENDITURES	32,303,600	42,800,500	47,094,000	36,338,900	39,175,600
EXPENDITURES BY FUND SOURCE					
General Fund	10,417,000	14,318,600	16,320,500	9,531,000	9,689,500
Restricted Funds	3,353,700	8,122,700	9,521,300	7,604,400	9,712,900
Federal Funds	18,532,900	20,359,200	21,252,200	19,203,500	19,773,200
TOTAL EXPENDITURES	32,303,600	42,800,500	47,094,000	36,338,900	39,175,600
EXPENDITURES BY UNIT					
Mine Permits	8,680,000	10,688,400	11,242,400	8,561,100	8,691,100
Mine Reclamation and Enforcement	13,214,000	16,033,300	17,240,400	12,684,900	13,133,600
DNR Bond Pool Fund	68,300	67,800	72,900	56,400	56,400
Abandoned Mine Lands	10,030,400	15,700,100	18,227,400	14,725,600	16,983,600
Bond Pool Reclamation Fund	310,900	310,900	310,900	310,900	310,900
TOTAL EXPENDITURES	32,303,600	42,800,500	47,094,000	36,338,900	39,175,600

The mission of the Division of Mine Reclamation and Enforcement, pursuant to KRS 350, is to protect the public and minimize the environmental effects of surface mining and the surface effects of underground mining.

**Environmental and Public Protection
Mine Reclamation and Enforcement
Mine Permits**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	4,136,500	5,383,900	5,997,500	3,379,000	3,379,000
Budget Reduction	-316,900				
Base Deduction	-43,600				
Total General Fund	3,776,000	5,383,900	5,997,500	3,379,000	3,379,000
Restricted Funds					
Balance Forward	229,800	542,600	89,800	289,000	89,800
Current Receipts	157,400	18,300	18,300	18,300	18,300
Non-Revenue Receipts	155,400	-217,500	-108,100	50,700	191,900
Fund Transfers	-253,600				
Total Restricted Funds	289,000	343,400		358,000	300,000
Federal Funds					
Current Receipts	5,108,200	5,258,400	5,452,400	5,121,400	5,219,600
Non-Revenue Receipts	-204,200	-207,500	-207,500	-207,500	-207,500
Total Federal Funds	4,904,000	5,050,900	5,244,900	4,913,900	5,012,100
TOTAL SOURCE OF FUNDS	8,969,000	10,778,200	11,242,400	8,650,900	8,691,100
EXPENDITURES BY CLASS					
Personnel Cost	7,012,500	8,938,400	9,509,900	6,949,600	7,094,400
Operating Expenses	1,046,800	992,000	1,009,500	963,800	981,800
Grants, Loans or Benefits	544,700	708,000	708,000	633,000	633,000
Capital Outlay	76,000	50,000	15,000	14,700	-18,100
TOTAL EXPENDITURES	8,680,000	10,688,400	11,242,400	8,561,100	8,691,100
EXPENDITURES BY FUND SOURCE					
General Fund	3,776,000	5,383,900	5,997,500	3,379,000	3,379,000
Restricted Funds		253,600		268,200	300,000
Federal Funds	4,904,000	5,050,900	5,244,900	4,913,900	5,012,100
TOTAL EXPENDITURES	8,680,000	10,688,400	11,242,400	8,561,100	8,691,100

The Division of Permits, pursuant to KRS 350 and 405 KAR 8:010, reviews all surface mining permit applications in accordance with Kentucky law and the federal Surface Mining Control and Reclamation Act. The Division, pursuant to KRS 350.450, administers the federal Small Operator Assistance Program and pursuant to KRS 350.610, the Lands Unsuitable for Mining program. The Division, pursuant to KRS 350.060(13) and 405 KAR Chapter 5, also reviews underground mining applications to determine the surface effects of such operations.

**Environmental and Public Protection
Mine Reclamation and Enforcement
Mine Reclamation and Enforcement**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	6,691,700	8,934,700	10,323,000	6,152,000	6,310,500
Budget Reduction	-110,000				
Salary Compensation Fund	104,800				
Base Deduction	-45,500				
Total General Fund	6,641,000	8,934,700	10,323,000	6,152,000	6,310,500
Restricted Funds					
Balance Forward	775,200	520,500	3,800	10,500	3,800
Current Receipts	84,900	84,900	84,900	84,900	84,900
Non-Revenue Receipts	-222,400	-88,100	22,200	-88,100	22,200
Fund Transfers	-623,400				
Total Restricted Funds	14,300	517,300	110,900	7,300	110,900
Federal Funds					
Current Receipts	6,914,400	6,922,000	7,147,300	6,866,300	7,050,000
Non-Revenue Receipts	-345,200	-336,900	-337,800	-336,900	-337,800
Total Federal Funds	6,569,200	6,585,100	6,809,500	6,529,400	6,712,200
TOTAL SOURCE OF FUNDS	13,224,500	16,037,100	17,243,400	12,688,700	13,133,600
EXPENDITURES BY CLASS					
Personnel Cost	10,342,600	13,109,100	14,109,700	10,359,700	10,633,700
Operating Expenses	1,969,000	2,058,300	2,058,500	1,558,300	1,701,700
Grants, Loans or Benefits	252,600	240,900	225,200	240,900	225,200
Capital Outlay	649,800	625,000	847,000	526,000	573,000
TOTAL EXPENDITURES	13,214,000	16,033,300	17,240,400	12,684,900	13,133,600
EXPENDITURES BY FUND SOURCE					
General Fund	6,641,000	8,934,700	10,323,000	6,152,000	6,310,500
Restricted Funds	3,800	513,500	107,900	3,500	110,900
Federal Funds	6,569,200	6,585,100	6,809,500	6,529,400	6,712,200
TOTAL EXPENDITURES	13,214,000	16,033,300	17,240,400	12,684,900	13,133,600

The Division of Mine Reclamation and Enforcement, pursuant to KRS 350, develops policies and procedures for reclamation and enforcement programs related to coal and non-coal minerals. The Division reviews permit applications for non-coal mineral operations pursuant to KRS 350.028 and 405 KAR 5:032. The Division conducts inspection programs to carry out these policies and procedures in accordance with applicable federal and state statutes.

**Environmental and Public Protection
 Mine Reclamation and Enforcement
 DNR Bond Pool Fund**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	17,400				
Current Receipts	3,400	3,400	3,400	3,400	3,400
Non-Revenue Receipts	47,500	64,400	69,500	53,000	53,000
Total Restricted Funds	68,300	67,800	72,900	56,400	56,400
TOTAL SOURCE OF FUNDS	68,300	67,800	72,900	56,400	56,400
EXPENDITURES BY CLASS					
Personnel Cost	65,800	65,300	70,400	53,900	53,900
Operating Expenses	2,500	2,500	2,500	2,500	2,500
TOTAL EXPENDITURES	68,300	67,800	72,900	56,400	56,400
EXPENDITURES BY FUND SOURCE					
Restricted Funds	68,300	67,800	72,900	56,400	56,400
TOTAL EXPENDITURES	68,300	67,800	72,900	56,400	56,400

The Bond Pool Fund, pursuant to KRS 350.700, provides an alternative bonding source for permittees of a surface coal mining operations in Kentucky. Program participants must meet the criteria set forth in KRS 350.720 and 405 KAR 10:200. A seven-member Bond Pool Commission, pursuant to KRS 350.705, reviews and approves applications for bonding under the Bond Pool Fund.

**Environmental and Public Protection
Mine Reclamation and Enforcement
Abandoned Mine Lands**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	614,300	213,400	104,600	107,000	9,700
Current Receipts	31,000	19,800	19,700	19,800	19,700
Non-Revenue Receipts	2,538,800	6,848,300	8,905,300	6,848,300	8,905,300
Fund Transfers	-106,400				
Total Restricted Funds	3,077,700	7,081,500	9,029,600	6,975,100	8,934,700
Federal Funds					
Current Receipts	7,387,100	9,081,900	9,574,400	8,118,900	8,425,500
Non-Revenue Receipts	-327,400	-358,700	-376,600	-358,700	-376,600
Total Federal Funds	7,059,700	8,723,200	9,197,800	7,760,200	8,048,900
TOTAL SOURCE OF FUNDS	10,137,400	15,804,700	18,227,400	14,735,300	16,983,600
EXPENDITURES BY CLASS					
Personnel Cost	7,840,100	11,341,700	12,898,000	10,371,100	11,657,500
Operating Expenses	1,141,900	1,058,900	1,027,900	1,055,000	1,024,600
Grants, Loans or Benefits	558,400	598,400	600,400	598,400	600,400
Capital Outlay	340,000	300,000	300,000	300,000	300,000
Construction	150,000	2,401,100	3,401,100	2,401,100	3,401,100
TOTAL EXPENDITURES	10,030,400	15,700,100	18,227,400	14,725,600	16,983,600
EXPENDITURES BY FUND SOURCE					
Restricted Funds	2,970,700	6,976,900	9,029,600	6,965,400	8,934,700
Federal Funds	7,059,700	8,723,200	9,197,800	7,760,200	8,048,900
TOTAL EXPENDITURES	10,030,400	15,700,100	18,227,400	14,725,600	16,983,600

The Division of Abandoned Mine Lands administers abandoned or unreclaimed land reclamation activities on previously surface-mined land or land used in connection with surface mining under Title IV of Public Law 95-87 and/or KRS 350.550 to KRS 350.597.

Federal funds for this program are provided from federal tax levies imposed under Public Law 95-87 on all coal mined since August 3, 1977. Approximately 150,000 acres of abandoned mine lands in Kentucky are eligible for reclamation. All state and partial federal project contracts are administered by this agency.

**Environmental and Public Protection
 Mine Reclamation and Enforcement
 Bond Pool Reclamation Fund**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	577,100	266,200		266,200	
Non-Revenue Receipts		44,700	310,900	44,700	310,900
Total Restricted Funds	577,100	310,900	310,900	310,900	310,900
TOTAL SOURCE OF FUNDS	577,100	310,900	310,900	310,900	310,900
EXPENDITURES BY CLASS					
Personnel Cost	310,900	310,900	310,900	310,900	310,900
TOTAL EXPENDITURES	310,900	310,900	310,900	310,900	310,900
EXPENDITURES BY FUND SOURCE					
Restricted Funds	310,900	310,900	310,900	310,900	310,900
TOTAL EXPENDITURES	310,900	310,900	310,900	310,900	310,900

The Abandoned Mine Lands Bond Pool Reclamation Fund, pursuant to KRS 350.595, provides the additional money necessary to reclaim permitted mine areas. In the event that an entire bond is not needed to complete the required reclamation on a permit, the remaining balance is deposited into the Fund.

**Environmental and Public Protection
Abandoned Mine Land Reclamation Projects**

	<u>Revised FY 2008</u>	<u>Requested FY 2009</u>	<u>Requested FY 2010</u>	<u>Recommended FY 2009</u>	<u>Recommended FY 2010</u>
SOURCE OF FUNDS					
Federal Funds					
Current Receipts	22,000,000	22,000,000	29,000,000	22,000,000	29,000,000
Total Federal Funds	22,000,000	22,000,000	29,000,000	22,000,000	29,000,000
TOTAL SOURCE OF FUNDS	22,000,000	22,000,000	29,000,000	22,000,000	29,000,000
EXPENDITURES BY CLASS					
Personnel Cost	450,000	1,000,000	3,000,000	1,000,000	3,000,000
Grants, Loans or Benefits	9,700,000	9,000,000	10,300,000	9,000,000	10,300,000
Construction	11,850,000	12,000,000	15,700,000	12,000,000	15,700,000
TOTAL EXPENDITURES	22,000,000	22,000,000	29,000,000	22,000,000	29,000,000
EXPENDITURES BY FUND SOURCE					
Federal Funds	22,000,000	22,000,000	29,000,000	22,000,000	29,000,000
TOTAL EXPENDITURES	22,000,000	22,000,000	29,000,000	22,000,000	29,000,000

The Abandoned Mine Lands (AML) Reclamation Projects program in the Department for Natural Resources receives 100 percent federal funding for the reclamation of certain mine sites that have been abandoned or left unreclaimed under Title IV of Public Law 95-87 or KRS 350. If the Commonwealth does not maintain an approved AML Reclamation program, federal funds allocated for reclamation projects within Kentucky may be reallocated to other coal-producing states. The Department reclaims abandoned mine sites through a priority ranking system based on human health and safety considerations.

**Environmental and Public Protection
Environmental Quality Commission**

	<u>Revised FY 2008</u>	<u>Requested FY 2009</u>	<u>Requested FY 2010</u>	<u>Recommended FY 2009</u>	<u>Recommended FY 2010</u>
SOURCE OF FUNDS					
General Fund					
Regular Appropriation		331,200	350,900		
Budget Reduction	-11,400				
Salary Compensation Fund	11,400				
Total General Fund		<u>331,200</u>	<u>350,900</u>		
Restricted Funds					
Balance Forward	900			34,900	
Non-Revenue Receipts	262,900			197,200	239,100
Fund Transfers	-7,900				
Total Restricted Funds	<u>255,900</u>			<u>232,100</u>	<u>239,100</u>
TOTAL SOURCE OF FUNDS	<u>255,900</u>	<u>331,200</u>	<u>350,900</u>	<u>232,100</u>	<u>239,100</u>
EXPENDITURES BY CLASS					
Personnel Cost	188,700	241,700	260,400	194,800	201,800
Operating Expenses	32,300	89,500	90,500	37,300	37,300
TOTAL EXPENDITURES	<u>221,000</u>	<u>331,200</u>	<u>350,900</u>	<u>232,100</u>	<u>239,100</u>
EXPENDITURES BY FUND SOURCE					
General Fund		331,200	350,900		
Restricted Funds	221,000			232,100	239,100
TOTAL EXPENDITURES	<u>221,000</u>	<u>331,200</u>	<u>350,900</u>	<u>232,100</u>	<u>239,100</u>
EXPENDITURES BY UNIT					
Environmental Quality Commission	221,000	331,200	350,900	232,100	239,100
TOTAL EXPENDITURES	<u>221,000</u>	<u>331,200</u>	<u>350,900</u>	<u>232,100</u>	<u>239,100</u>

Pursuant to KRS 224.01-100 to 224.01-115, the Environmental Quality Commission is an independent citizen board with seven members representing various interests and geographic areas of the state. The Commission advises the Governor and the Environmental and Public Protection Cabinet on environmental rules, regulations, policies, plans, and procedures. The Commission also serves as a public forum for the exchange of views, concerns, information, and recommendations relating to the quality of the natural environment.

The Environmental Quality Commission is administratively attached to the Environmental and Public Protection Cabinet's Office of the Secretary. The Secretary, with the approval of the Commissioners of the Environmental Quality Commission, may employ a director and other necessary Commission staff who shall serve at the pleasure of the Commission and the Secretary.

**Environmental and Public Protection
Kentucky Nature Preserves Commission**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,166,500	1,991,800	2,133,400	1,088,100	1,171,500
Salary Compensation Fund	14,600				
Total General Fund	1,181,100	1,991,800	2,133,400	1,088,100	1,171,500
Restricted Funds					
Balance Forward	541,000	440,600	350,100	440,600	350,100
Current Receipts	224,400	186,700	186,800	186,700	186,800
Non-Revenue Receipts	78,000	78,100	77,800	78,100	77,800
Total Restricted Funds	843,400	705,400	614,700	705,400	614,700
Federal Funds					
Balance Forward	100				
Current Receipts	587,500	102,400	47,500	102,400	47,500
Non-Revenue Receipts	-2,100	-2,200	-1,900	-2,200	-1,900
Total Federal Funds	585,500	100,200	45,600	100,200	45,600
TOTAL SOURCE OF FUNDS	2,610,000	2,797,400	2,793,700	1,893,700	1,831,800
EXPENDITURES BY CLASS					
Personnel Cost	1,359,900	1,935,000	2,080,500	1,248,800	1,337,200
Operating Expenses	224,700	261,500	258,000	218,900	209,300
Grants, Loans or Benefits	20,900	75,900	25,900	75,900	25,900
Capital Outlay	13,900	174,900	169,900		
Construction	550,000				
TOTAL EXPENDITURES	2,169,400	2,447,300	2,534,300	1,543,600	1,572,400
EXPENDITURES BY FUND SOURCE					
General Fund	1,181,100	1,991,800	2,133,400	1,088,100	1,171,500
Restricted Funds	402,800	355,300	355,300	355,300	355,300
Federal Funds	585,500	100,200	45,600	100,200	45,600
TOTAL EXPENDITURES	2,169,400	2,447,300	2,534,300	1,543,600	1,572,400
EXPENDITURES BY UNIT					
Kentucky Nature Preserves Commission	2,169,400	2,447,300	2,534,300	1,543,600	1,572,400
TOTAL EXPENDITURES	2,169,400	2,447,300	2,534,300	1,543,600	1,572,400

Pursuant to KRS 146.410-146.530, the Kentucky State Nature Preserves Commission's mission is two-fold: to inventory the Commonwealth for its natural diversity, including its plants, animal life, biological communities, and areas of natural significance, and to protect these natural features by establishing a system of nature preserves. Pursuant to KRS 224.10-022, the Commission is attached to the Environmental and Public Protection Cabinet's Office of the Secretary.

Acquisition and management funds for the agency are derived through a tax refund check-off system authorized in KRS 141.450-141.480, through gifts, grants, devises and bequests pursuant to KRS 146.465, and through allocations from the Kentucky Heritage Land Conservation Fund pursuant to KRS 146.570. The Commission, together with the Kentucky Department of Fish and Wildlife Resources, shares equally the receipts generated by the Non-game Species Protection and Habitat Acquisition program.

**Environmental and Public Protection
Public Protection Commissioner**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	179,900	150,500		171,100	111,900
Non-Revenue Receipts	1,164,000	1,298,500	1,541,200	1,424,800	1,806,000
Fund Transfers	-360,500			-600,000	-800,000
Total Restricted Funds	983,400	1,449,000	1,541,200	995,900	1,117,900
TOTAL SOURCE OF FUNDS	983,400	1,449,000	1,541,200	995,900	1,117,900
EXPENDITURES BY CLASS					
Personnel Cost	646,400	1,282,100	1,374,600	720,400	737,000
Operating Expenses	165,900	156,200	166,600	152,900	163,300
Capital Outlay		10,700		10,700	
TOTAL EXPENDITURES	812,300	1,449,000	1,541,200	884,000	900,300
EXPENDITURES BY FUND SOURCE					
Restricted Funds	812,300	1,449,000	1,541,200	884,000	900,300
TOTAL EXPENDITURES	812,300	1,449,000	1,541,200	884,000	900,300
EXPENDITURES BY UNIT					
Public Protection Commissioner	812,300	1,449,000	1,541,200	884,000	900,300
TOTAL EXPENDITURES	812,300	1,449,000	1,541,200	884,000	900,300

The Commissioner's Office provides the coordination and direction for planning and management of the agencies within and attached to the Public Protection Department. The Commissioner guides Departmental agencies in policy and program implementation and is responsible for operating each agency in the most efficient and cost effective manner possible while maintaining a high quality of service to the general public as well as the businesses, trades, and professionals it licenses and regulates.

Policy

The Public Protection Commissioner's Office shall transfer Restricted Funds in the amounts of \$600,000 in fiscal year 2009 and \$800,000 in fiscal year 2010 to the General Fund.

**Environmental and Public Protection
Boxing and Wrestling Authority**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	52,400	27,100	27,900	36,000	38,500
Current Receipts	95,700	102,500	102,500	102,500	102,500
Fund Transfers	-12,100				
Total Restricted Funds	136,000	129,600	130,400	138,500	141,000
TOTAL SOURCE OF FUNDS	136,000	129,600	130,400	138,500	141,000
EXPENDITURES BY CLASS					
Personnel Cost	38,800	57,400	59,900	56,400	57,600
Operating Expenses	61,200	44,300	44,300	43,600	42,400
TOTAL EXPENDITURES	100,000	101,700	104,200	100,000	100,000
EXPENDITURES BY FUND SOURCE					
Restricted Funds	100,000	101,700	104,200	100,000	100,000
TOTAL EXPENDITURES	100,000	101,700	104,200	100,000	100,000
EXPENDITURES BY UNIT					
Boxing and Wrestling Authority	100,000	101,700	104,200	100,000	100,000
TOTAL EXPENDITURES	100,000	101,700	104,200	100,000	100,000

The Boxing and Wrestling Authority, pursuant to KRS Chapter 229, is sole authority over professional boxing and wrestling in Kentucky. The five-member board directs, manages and controls all professional boxing, sparring, and wrestling matches or exhibitions. Moreover, the authority has jurisdiction over all licenses to hold boxing, sparring, or wrestling matches or exhibitions for prizes or purses where an admission fee is received and over all licenses and all persons who participate in the boxing, sparring or wrestling matches, or exhibitions. The Authority licenses contestants, wrestlers or boxers, judges, managers, physicians, referees, timekeepers, and trainers. The Authority is an independent agency that is attached to the Department for Public Protection for administrative purposes only.

**Environmental and Public Protection
Petroleum Storage Tank Environmental Assurance Fund**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	3,479,000				1,679,000
Total General Fund	3,479,000				1,679,000
Restricted Funds					
Balance Forward	27,381,200	30,780,500	45,926,700	25,011,800	449,600
Current Receipts	1,079,000	1,100,000	1,100,000	1,100,000	1,100,000
Non-Revenue Receipts	44,336,400	44,280,000	44,280,000	68,520,900	44,896,900
Fund Transfers	-18,906,400			-65,000,000	-16,500,000
Total Restricted Funds	53,890,200	76,160,500	91,306,700	29,632,700	29,946,500
TOTAL SOURCE OF FUNDS	57,369,200	76,160,500	91,306,700	29,632,700	31,625,500
EXPENDITURES BY CLASS					
Personnel Cost	2,829,200	3,842,200	4,029,400	3,081,600	3,159,200
Operating Expenses	25,300,000	25,576,900	25,512,700	25,318,100	25,318,400
Grants, Loans or Benefits	83,400	83,400	83,400	83,400	83,400
Debt Service	3,479,000				1,679,000
Capital Outlay	165,800	231,300	200,000	200,000	200,000
Construction	500,000	500,000	500,000	500,000	500,000
TOTAL EXPENDITURES	32,357,400	30,233,800	30,325,500	29,183,100	30,940,000
EXPENDITURES BY FUND SOURCE					
General Fund	3,479,000				1,679,000
Restricted Funds	28,878,400	30,233,800	30,325,500	29,183,100	29,261,000
TOTAL EXPENDITURES	32,357,400	30,233,800	30,325,500	29,183,100	30,940,000
EXPENDITURES BY UNIT					
Petroleum Storage Tank Environmental Assur Fund	32,357,400	30,233,800	30,325,500	29,183,100	30,940,000
TOTAL EXPENDITURES	32,357,400	30,233,800	30,325,500	29,183,100	30,940,000

The Petroleum Storage Tank Environmental Assurance Fund (PSTEAF), pursuant to KRS Chapter 224.60, assists owners and operators of underground storage tanks to meet federal environmental mandates and provides reimbursement for eligible clean-up costs and third party damages in the event of a release into the environment. Pursuant to KRS 224.60-130, the Fund is managed by the Department for Environmental Protection, Division of Waste Management.

Policy

The Governor's recommendation includes General Fund debt service in the amount of \$1,105,000 in fiscal year 2010 to support a \$25 million bond issue for this program. The Executive Budget includes these bond funds within the operating budget of PSTEAF in fiscal year 2009 as Restricted Funds and the money will be used to make PSTEAF claim payments.

**Environmental and Public Protection
Alcoholic Beverage Control**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,058,600	1,691,100	2,006,500	965,000	965,000
Budget Reduction	-33,900				
Salary Compensation Fund	72,000				
Total General Fund	1,096,700	1,691,100	2,006,500	965,000	965,000
Restricted Funds					
Balance Forward	500,500	176,200	79,200	176,200	224,700
Current Receipts	4,995,300	5,046,600	5,122,600	5,046,600	5,122,600
Non-Revenue Receipts	-606,500	-701,300	-738,500	-301,300	-438,500
Fund Transfers	-581,500			-500,000	-350,000
Total Restricted Funds	4,307,800	4,521,500	4,463,300	4,421,500	4,558,800
TOTAL SOURCE OF FUNDS	5,404,500	6,212,600	6,469,800	5,386,500	5,523,800
EXPENDITURES BY CLASS					
Personnel Cost	4,335,700	5,204,500	5,551,800	4,251,700	4,387,300
Operating Expenses	775,200	818,900	801,000	800,100	811,000
Grants, Loans or Benefits	117,400	110,000	117,000	110,000	117,000
TOTAL EXPENDITURES	5,228,300	6,133,400	6,469,800	5,161,800	5,315,300
EXPENDITURES BY FUND SOURCE					
General Fund	1,096,700	1,691,100	2,006,500	965,000	965,000
Restricted Funds	4,131,600	4,442,300	4,463,300	4,196,800	4,350,300
TOTAL EXPENDITURES	5,228,300	6,133,400	6,469,800	5,161,800	5,315,300
EXPENDITURES BY UNIT					
Administration, Enforcement and License	4,864,800	5,699,200	6,010,400	4,794,100	4,936,200
Tobacco Enforcement	363,500	434,200	459,400	367,700	379,100
TOTAL EXPENDITURES	5,228,300	6,133,400	6,469,800	5,161,800	5,315,300

The Office of Alcoholic Beverage Control (ABC), pursuant to KRS Chapters 241-244, enforces laws relating to the manufacture, sale, transportation, storage, and advertising of alcoholic beverages. The agency does not collect taxes.

The Executive Director of the Office serves as both the agency's administrative officer and the Chairman of the Alcoholic Beverage Control Board, which also includes the administrators of the Malt Beverage and Distilled Spirits divisions. The Governor appoints all three administrators.

In exercising its quasi-judicial authority, the ABC Board may suspend, revoke, or cancel for cause, after hearing, any license issued due to violation of alcoholic beverage laws. The ABC Board also conducts hearings for and appeals from an applicant whose license is refused by city or county administrators.

The Office has enforcement officers assigned throughout the state who conduct investigations, make regular inspections, and otherwise monitor compliance with ABC laws.

The Department also implements laws relating to the sale and use of tobacco products.

Policy

The Office of Alcoholic Beverage Control shall transfer Restricted Funds in the amounts of \$500,000 in fiscal year 2009 and \$350,000 in fiscal year 2010 to the General Fund.

**Environmental and Public Protection
Charitable Gaming**

	<u>Revised FY 2008</u>	<u>Requested FY 2009</u>	<u>Requested FY 2010</u>	<u>Recommended FY 2009</u>	<u>Recommended FY 2010</u>
SOURCE OF FUNDS					
General Fund					
Regular Appropriation		263,500	693,200		
Total General Fund		263,500	693,200		
Restricted Funds					
Balance Forward	2,031,200	1,383,000	605,400	883,000	451,100
Current Receipts	2,995,900	2,825,800	2,811,800	2,825,700	2,846,500
Non-Revenue Receipts	-300,900	-315,700	-329,600	-200,000	-200,000
Fund Transfers	-700,000				
Total Restricted Funds	4,026,200	3,893,100	3,087,600	3,508,700	3,097,600
TOTAL SOURCE OF FUNDS	4,026,200	4,156,600	3,780,800	3,508,700	3,097,600
EXPENDITURES BY CLASS					
Personnel Cost	2,403,400	3,031,500	3,261,100	2,636,500	2,672,500
Operating Expenses	724,800	519,700	519,700	421,100	420,400
Capital Outlay	15,000				
TOTAL EXPENDITURES	3,143,200	3,551,200	3,780,800	3,057,600	3,092,900
EXPENDITURES BY FUND SOURCE					
General Fund		263,500	693,200		
Restricted Funds	3,143,200	3,287,700	3,087,600	3,057,600	3,092,900
TOTAL EXPENDITURES	3,143,200	3,551,200	3,780,800	3,057,600	3,092,900
EXPENDITURES BY UNIT					
Charitable Gaming	3,143,200	3,551,200	3,780,800	3,057,600	3,092,900
TOTAL EXPENDITURES	3,143,200	3,551,200	3,780,800	3,057,600	3,092,900

The Office of Charitable Gaming, pursuant to KRS Chapter 238, is charged with the licensure and regulation of charitable organizations conducting gaming in the Commonwealth. The agency performs inspections, issues licenses, and conducts audits of charitable gaming establishments.

**Environmental and Public Protection
Board of Claims/Crime Victims' Compensation Board**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	848,000	1,104,300	1,197,400	740,000	740,000
Budget Reduction	-26,000				
Salary Compensation Fund	19,000				
Base Deduction	-24,100				
Total General Fund	816,900	1,104,300	1,197,400	740,000	740,000
Restricted Funds					
Balance Forward	1,766,300	1,493,900	986,500	1,511,100	1,316,900
Current Receipts	1,770,000	1,535,000	1,535,000	1,535,000	1,535,000
Non-Revenue Receipts	-45,000	-45,000	-45,000	-45,000	-45,000
Fund Transfers	-50,800				-500,000
Total Restricted Funds	3,440,500	2,983,900	2,476,500	3,001,100	2,306,900
Federal Funds					
Current Receipts	940,100	540,100	540,100	540,100	540,100
Total Federal Funds	940,100	540,100	540,100	540,100	540,100
TOTAL SOURCE OF FUNDS	5,197,500	4,628,300	4,214,000	4,281,200	3,587,000
EXPENDITURES BY CLASS					
Personnel Cost	1,065,100	1,373,700	1,466,800	1,123,100	1,154,200
Operating Expenses	1,721,300	1,257,100	1,268,100	1,230,200	1,241,200
Grants, Loans or Benefits	900,000	1,000,000	1,000,000	600,000	600,000
Capital Outlay		11,000		11,000	
TOTAL EXPENDITURES	3,686,400	3,641,800	3,734,900	2,964,300	2,995,400
EXPENDITURES BY FUND SOURCE					
General Fund	816,900	1,104,300	1,197,400	740,000	740,000
Restricted Funds	1,929,400	1,997,400	1,997,400	1,684,200	1,715,300
Federal Funds	940,100	540,100	540,100	540,100	540,100
TOTAL EXPENDITURES	3,686,400	3,641,800	3,734,900	2,964,300	2,995,400
EXPENDITURES BY UNIT					
Board of Claims	1,170,500	1,525,900	1,619,000	1,248,400	1,279,500
Crime Victims' Board	1,400,000	1,400,000	1,400,000	1,000,000	1,000,000
Crime Victims' Board Federal Grants	915,900	515,900	515,900	515,900	515,900
Sexual Assault Examination Program	200,000	200,000	200,000	200,000	200,000
TOTAL EXPENDITURES	3,686,400	3,641,800	3,734,900	2,964,300	2,995,400

The Board of Claims, pursuant to KRS 44.086(2) and (3), is the only forum through which a citizen may sue the state for alleged negligence. Per 2006 Kentucky Acts Chapter 252, awards of less than \$5,000 are paid from funds of the state agency determined to be at fault. Awards over \$5,000 are paid from appropriations from the General Fund, and awards against the Transportation Cabinet are paid from the Road Fund. The maximum award on a single claim is \$100,000 and there is a cap of \$250,000 on multiple claims arising from the same incident.

The Crime Victims' Compensation Board, pursuant to KRS Chapter 346, is empowered to reimburse innocent crime victims up to \$25,000 for their medical expenses, lost wages that are not paid by any other source, and funeral expenses up to \$5,000. The amount of time that a claimant has to submit a claim to the Board is five years. The Crime Victims' Compensation Board is funded through an allocation of 3.4 percent of the state court cost fees.

The Board of Claims and the Crime Victims' Compensation Board are composed of the same five members appointed by the Governor. Both entities share staff services provided by the agency. The Board is an independent agency that is attached to the Department for Public Protection for administrative purposes only.

Policy

The Board of Claims/Crime Victims' Compensation shall transfer Restricted Funds in the amount of \$500,000 in fiscal year 2010 to the General Fund.

**Environmental and Public Protection
Financial Institutions**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	4,151,200	4,992,300	4,897,500	1,412,700	379,800
Current Receipts	12,625,000	12,970,000	13,850,000	12,970,000	13,850,000
Non-Revenue Receipts	-540,800	-1,789,800	-1,936,700	-989,800	-1,190,900
Fund Transfers	-5,600,000			-3,800,000	-3,500,000
Total Restricted Funds	10,635,400	16,172,500	16,810,800	9,592,900	9,538,900
TOTAL SOURCE OF FUNDS	10,635,400	16,172,500	16,810,800	9,592,900	9,538,900
EXPENDITURES BY CLASS					
Personnel Cost	7,610,200	9,512,000	10,163,300	7,738,100	7,708,700
Operating Expenses	1,532,500	1,763,000	1,818,100	1,475,000	1,504,500
Capital Outlay	80,000				
TOTAL EXPENDITURES	9,222,700	11,275,000	11,981,400	9,213,100	9,213,200
EXPENDITURES BY FUND SOURCE					
Restricted Funds	9,222,700	11,275,000	11,981,400	9,213,100	9,213,200
TOTAL EXPENDITURES	9,222,700	11,275,000	11,981,400	9,213,100	9,213,200
EXPENDITURES BY UNIT					
Administrative Services	1,177,900	1,204,300	1,271,100	990,000	990,000
Financial Institutions	6,063,400	7,181,000	7,658,800	6,103,600	6,103,200
Executive Director	595,500	791,800	831,400	628,700	628,700
Securities	1,385,900	2,097,900	2,220,100	1,490,800	1,491,300
TOTAL EXPENDITURES	9,222,700	11,275,000	11,981,400	9,213,100	9,213,200

The Office of Financial Institutions, pursuant to KRS Chapter 287, licenses and regulates banks, bank holding companies, trust companies, credit unions, savings and loan associations, consumer loan companies, industrial loan companies, mortgage loan companies, mortgage loan brokers, check cashing licensees, sale of check licensees, securities issuers, broker-dealers, agents, and investment advisors. An Executive Director appointed by the Governor heads the Office.

The Executive Director's Office is responsible for the overall management of the agency. The Ombudsman resolves complaints about Office licensees.

The Division of Administrative Services is comprised of three branches. The Technology Branch maintains the computer network, the web sites, and system upgrade planning. The Administrative Services Branch is charged with the administration of the fiscal functions including budgeting, purchasing, inventory control, training coordination, and facilities management. The Public Affairs Branch coordinates all communications with the media, and handles the offices public relations efforts through coordination of educational seminars, brochures, and newsletters.

The Division of Securities carries out the registration, or exemption from registration, of securities issuances in the state. It registers broker-dealers, their agents, investment advisers, and investment adviser representatives, and conducts on-site examinations of these regulated entities. The Division investigates allegations of securities fraud or other illegal conduct of all securities entities.

The Division of Financial Institutions examines and licenses commercial banks, bank holding companies, loan production offices, bank trust departments, independent trust companies, credit unions, savings and loan associations,

consumer loan companies, industrial loan companies, mortgage loan companies, mortgage loan brokers, check cashing licensees, and sale of check licensees.

Policy

The Office of Financial Institutions shall transfer Restricted Funds in the amount of \$3,800,000 in fiscal year 2009 and \$3,500,000 in fiscal year 2010 to the General Fund.

**Environmental and Public Protection
Horse Racing Authority**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	509,700	1,294,300	1,329,400	443,700	443,700
Budget Reduction	-15,600				
Salary Compensation Fund	10,100				
Total General Fund	504,200	1,294,300	1,329,400	443,700	443,700
Restricted Funds					
Balance Forward	31,868,000	34,506,200	34,491,900	34,407,100	36,218,200
Current Receipts	4,308,100	6,406,600	6,527,300	6,065,400	6,119,600
Non-Revenue Receipts	26,098,500	27,783,700	27,873,700	23,755,700	23,835,000
Total Restricted Funds	62,274,600	68,696,500	68,892,900	64,228,200	66,172,800
TOTAL SOURCE OF FUNDS	62,778,800	69,990,800	70,222,300	64,671,900	66,616,500
EXPENDITURES BY CLASS					
Personnel Cost	2,485,300	3,523,400	3,742,400	2,706,900	2,776,800
Operating Expenses	1,494,600	2,125,500	1,906,000	1,411,800	1,264,600
Grants, Loans or Benefits	24,316,800	29,770,000	29,371,900	24,315,000	24,316,900
Capital Outlay	75,000	80,000	20,000	20,000	20,000
TOTAL EXPENDITURES	28,371,700	35,498,900	35,040,300	28,453,700	28,378,300
EXPENDITURES BY FUND SOURCE					
General Fund	504,200	1,294,300	1,329,400	443,700	443,700
Restricted Funds	27,867,500	34,204,600	33,710,900	28,010,000	27,934,600
TOTAL EXPENDITURES	28,371,700	35,498,900	35,040,300	28,453,700	28,378,300
EXPENDITURES BY UNIT					
Administration and Regulation of Racing	2,963,000	4,607,200	4,686,000	3,045,000	3,117,700
Equine Drug Research Fund	650,500	650,500	650,500	650,500	650,500
Thoroughbred Development Fund	8,186,100	8,186,100	8,038,000	8,186,100	8,038,000
Standardbred Development Fund	220,000	620,000	220,000	220,000	220,000
Standardbred Horsemen Fees	700,000	700,000	700,000	700,000	700,000
County Fair Purse Fund	204,000	204,000	204,000	204,000	204,000
Thoroughbred Owners and Breeders	282,700	282,700	282,700	282,700	282,700
Backside Improvement Commission	165,400	165,400	165,400	165,400	165,400
Ky Thoroughbred Breeder Incentive Fund	12,000,000	16,028,000	16,038,700	12,000,000	12,000,000
Ky Standardbred Breeder Incentive Fund	1,950,000	3,005,000	3,005,000	1,950,000	1,950,000
Ky Horse Breeders Incentive Fund	1,050,000	1,050,000	1,050,000	1,050,000	1,050,000
TOTAL EXPENDITURES	28,371,700	35,498,900	35,040,300	28,453,700	28,378,300

The Kentucky Horse Racing Authority, pursuant to KRS 230. 260, is responsible for the regulation of thoroughbred and harness horse racing and the fostering of thoroughbred and harness horse breeding within the Commonwealth. The Authority prescribes the rules, regulations, and conditions under which all thoroughbred, harness horse, quarter horse, Appaloosa, and Arabian racing and wagering may be conducted in the Commonwealth.

The Authority's charge is to:

- Advance horse industry-related economic growth;

- Strengthen ties between Kentucky's universities and the horse industry;
- Ensure that Kentucky remains on the cutting-edge of equine research; and
- Promote Kentucky's horse and tourism industry.

The Authority is an independent agency that is attached to the Department for Public Protection for administrative purposes only.

The Administration and Regulation of Racing program performs the administrative and oversight functions of the Authority. The Division of Racing and Security oversees the state veterinarians and support staff. The security function supervises drug testing and interdiction at racetracks. The Division of Licensing is responsible for licensing all individuals who participate in thoroughbred and harness racing.

The Equine Drug Research Council advises the Authority on research programs. One-tenth of one percent of the thoroughbred pari-mutuel handle supports the Council. Funds are used to support drug research and testing.

The Thoroughbred Development Fund was created in 1978 to encourage breeders from other states to send their breeding stock to Kentucky to improve the caliber of breeding and racing stock in the Commonwealth. The program is funded by three-fourths of one percent of the total pari-mutuel handle.

The Standardbred Development Fund supports efforts to encourage breeders from other states to send their breeding stock to Kentucky, to increase the number of owners in Kentucky, and to increase the number of horses bred in Kentucky. One percent of the pari-mutuel handle from the harness horse racing tracks is deposited in a revolving fund account to benefit the Fund.

The County Fair Purse Fund receives funding from uncashed pari-mutuel harness racing tickets and redistributes the funds in the form of purse supplements to county fairs.

The Backside Improvement Commission is charged with promoting, enhancing, and improving the backsides of Turfway and Ellis Parks. Racing associations with an average handle of \$1,200,000 or less per racing day are required to pay one-half of one percent to the Backside Improvement Fund. Racing associations with an average handle of \$1,200,000 or more per racing day are required to pay three and one-half percent to the Fund.

The Thoroughbred Owners and Breeders Fund receives six percent of the commissions at simulcast facilities to fund capital improvements and promote off-track betting. It also supports marketing and promotion of the Kentucky thoroughbred industry.

The Kentucky Thoroughbred Breeder, Standardbred, and Horse Breeders Funds provide rewards to breeders of horses bred and foaled in Kentucky. Incentive funds are derived from sales taxes paid on stud fees.

Policy

The Executive Budget anticipates Restricted Funds receipts collected from the licensees and the various associations licensed under KRS Chapter 230 that represent reimbursed expenses outlined in KRS 230.240.

**Environmental and Public Protection
Housing, Buildings and Construction**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	2,524,200	6,392,300	7,780,800	2,321,000	2,321,000
Budget Reduction	-81,600				
Salary Compensation Fund	194,800				
Base Deduction	-133,100				
Total General Fund	2,504,300	6,392,300	7,780,800	2,321,000	2,321,000
Restricted Funds					
Balance Forward	9,875,100	8,861,800	6,777,000	3,291,200	2,120,700
Current Receipts	15,288,700	16,236,600	17,847,700	16,236,600	17,847,700
Non-Revenue Receipts	-185,000	-185,000	-185,000	-280,700	-317,800
Fund Transfers	-7,095,200			-1,300,000	-1,800,000
Total Restricted Funds	17,883,600	24,913,400	24,439,700	17,947,100	17,850,600
TOTAL SOURCE OF FUNDS	20,387,900	31,305,700	32,220,500	20,268,100	20,171,600
EXPENDITURES BY CLASS					
Personnel Cost	13,859,300	19,946,100	22,637,900	15,254,900	16,711,800
Operating Expenses	3,237,400	4,482,600	4,506,600	2,892,500	2,901,700
Capital Outlay		100,000			
TOTAL EXPENDITURES	17,096,700	24,528,700	27,144,500	18,147,400	19,613,500
EXPENDITURES BY FUND SOURCE					
General Fund	2,504,300	6,392,300	7,780,800	2,321,000	2,321,000
Restricted Funds	14,592,400	18,136,400	19,363,700	15,826,400	17,292,500
TOTAL EXPENDITURES	17,096,700	24,528,700	27,144,500	18,147,400	19,613,500
EXPENDITURES BY UNIT					
General Administration and Management	1,087,700	1,512,100	1,621,500	1,114,700	1,148,600
Regulation of Minimum Safety Standards/Fire Prev	6,258,800	8,939,600	9,226,100	6,662,300	6,788,500
Plumbing	5,736,100	7,569,300	8,050,700	5,600,500	5,807,600
Safe Cigarette Program		89,200	93,900	89,200	93,900
HVACC	1,346,200	3,045,800	4,555,400	2,283,900	3,339,400
Building Codes Enforcement	2,667,900	3,372,700	3,596,900	2,396,800	2,435,500
TOTAL EXPENDITURES	17,096,700	24,528,700	27,144,500	18,147,400	19,613,500

The Office of Housing, Buildings and Construction, pursuant to KRS Chapter 198B, regulates all construction of buildings through enforcement of building and fire codes, including: elevators, boilers, manufactured housing, hazardous materials, and electrical and plumbing installation. The agency enforces a uniform building code for the Commonwealth with an effective building inspection program that prevents fire- and life-safety hazards. Formerly a department within the Cabinet for Public Protection, the agency was reorganized with the passage of Senate Bill 41 during the 2005 Regular Session of the General Assembly. It is now managed by the Department for Public Protection.

The Regulation of the Minimum Safety Standards program enforces life-safety codes and state and federal laws and regulations by performing property inspections, reviewing plans for remodeled or improved property, regulating the use and storage of hazardous materials, and responding to related emergencies. The program includes inspection and plan review of boilers, pressure piping, and elevators; monitoring the construction and sales of mobile homes and recreational vehicles; and the testing and licensing of electrical inspectors, boiler contractors, underground petroleum storage tank contractors, and sprinkler system contractors.

The Plumbing Division, a fee-supported program, enforces the state plumbing law. Activities include inspection of plumbing systems in all buildings throughout the state, approval of plans in all types of public buildings, renewal of master and journeyman plumbers' licenses, assistance to the State Plumbing Code Committee in its review of the plumbing code regulations, and review and approval of new materials and techniques.

The Heating, Ventilation, and Air Conditioning (HVAC) program is responsible for the annual licensing and oversight of the activities of heating, ventilation, and air conditioning contractors, mechanics, and apprentices. The HVAC Board reviews HVAC codes and regulations governing the testing of candidates for licensure. The program oversees the continuing education for HVAC masters and journeymen.

The Building Codes Enforcement program provides overall coordination and enforcement of the Kentucky Uniform Building Code and provides inspection, plan review, and technical services to the building community. The program is funded primarily from plan review fees.

Policy

The Office of Housing, Buildings and Construction may expend any Restricted Funds from within its budget to fund the programs it administers.

The Office of Housing, Buildings and Construction shall transfer Restricted Funds in the amounts of \$600,000 in fiscal year 2008; \$1,300,000 in fiscal year 2009 and \$1,800,000 in fiscal year 2010 to the General Fund.

The Executive Budget includes Restricted Funds appropriations of \$135,000 in fiscal year 2008; \$1,139,600 in fiscal year 2009 and \$2,170,500 in fiscal year 2010 to start up and implement the acts relating to heating, ventilation and air conditioning codified in the 2007 Kentucky Acts Chapter 86.

The Executive Budget includes Restricted Funds appropriations of \$89,200 in fiscal year 2009 and \$93,900 in fiscal year 2010 to start up and implement the acts relating to fire safe cigarettes codified in the 2007 Kentucky Acts Chapter 70.

Environmental and Public Protection

Insurance

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	13,500,000	13,530,700	13,543,300		
Budget Reduction	-405,000				
Total General Fund	13,095,000	13,530,700	13,543,300		
Tobacco Settlement-Phase I					
Tobacco Settlement - I	14,496,000	19,568,700	19,899,500	19,551,300	19,881,900
Continuing Appropriation	3,188,000				
Other	4,684,200				
Total Tobacco Settlement-Phase I	22,368,200	19,568,700	19,899,500	19,551,300	19,881,900
Restricted Funds					
Balance Forward	16,367,900	15,966,800	25,659,400	2,536,400	1,545,500
Current Receipts	30,843,700	32,237,100	32,619,500	32,260,000	32,650,000
Non-Revenue Receipts	2,176,300	2,123,400	2,034,500	2,927,400	2,865,300
Fund Transfers	-25,131,600			-15,820,000	-15,360,000
Total Restricted Funds	24,256,300	50,327,300	60,313,400	21,903,800	21,700,800
Federal Funds					
Current Receipts	2,381,600				
Total Federal Funds	2,381,600				
TOTAL SOURCE OF FUNDS	62,101,100	83,426,700	93,756,200	41,455,100	41,582,700
EXPENDITURES BY CLASS					
Personnel Cost	41,172,400	41,315,000	42,552,700	37,858,000	38,460,300
Operating Expenses	2,971,700	3,065,000	3,094,700	2,027,400	2,039,600
Grants, Loans or Benefits	15,330,900	13,354,300	13,354,300		
Capital Outlay	89,700	33,000	33,000	24,200	33,000
TOTAL EXPENDITURES	59,564,700	57,767,300	59,034,700	39,909,600	40,532,900
EXPENDITURES BY FUND SOURCE					
General Fund	13,095,000	13,530,700	13,543,300		
Tobacco Settlement-Phase I	22,368,200	19,568,700	19,899,500	19,551,300	19,881,900
Restricted Funds	21,719,900	24,667,900	25,591,900	20,358,300	20,651,000
Federal Funds	2,381,600				
TOTAL EXPENDITURES	59,564,700	57,767,300	59,034,700	39,909,600	40,532,900
EXPENDITURES BY UNIT					
Executive Director and Administration	3,734,200	4,482,400	4,680,600	3,435,700	3,489,900
Small Business Insurance Subsidy	13,095,000	13,530,700	13,543,300	155,000	159,000
Property and Casualty	853,200	1,159,300	1,238,900	858,500	881,300
Life Insurance	780,800	840,000	876,800	656,300	664,500
Financial Standards and Examination	4,114,800	4,290,200	4,357,100	3,693,500	3,713,100
Agent Licensing	1,664,500	2,021,000	2,112,600	1,153,000	1,177,500
Consumer Protection	2,272,800	2,616,100	2,741,800	2,120,100	2,162,200
Insurance Fraud Investigation	1,353,800	1,677,900	1,767,400	1,391,100	1,434,600
Health Insurance Policy and Managed Care	2,447,100	2,850,500	2,985,600	2,290,200	2,328,200
Mine Subsidence Program	242,500	268,900	275,000	251,800	251,800
State Risk and Insurance Services	803,700	1,000,900	1,070,100	855,600	880,100
Kentucky Access Program	28,202,300	23,029,400	23,385,500	23,048,800	23,390,700
TOTAL EXPENDITURES	59,564,700	57,767,300	59,034,700	39,909,600	40,532,900

The Office of Insurance, pursuant to KRS Chapter 304, has the authority to license, supervise, and regulate insurance companies doing business in Kentucky.

The Executive Director is responsible for the overall policy, planning, direction, and management of all divisions within the Office. It is the responsibility of the director to oversee the manner in which the business of insurance is conducted in Kentucky. The director is charged with protecting the public interest, promoting viable markets, and assuring fair treatment of insurance consumers.

The Property and Casualty Division regulates coverage and marketing practices of property and casualty insurers. Through its annual review of property and casualty insurance rate and form filings, the Division ensures that companies comply with the standards set forth in the Kentucky Insurance Code. The Division is also responsible for reporting medical malpractice claims, recording of no-fault rejections (tort liability), and verifying such rejection. It is responsible for the regulation of surplus lines insurance.

The Health Insurance Policy and Managed Care Division regulates admitted insurance companies and Health Maintenance Organizations (HMO). The Division approves policies, certificates, provider networks, quality improvement programs, and rate filings. It reviews promotional literature and activities for the protection of the public. The Division handles inquiries about Medicare and long-term care insurance.

The Life Insurance Division regulates insurance companies selling life and disability income products. It is responsible for conducting research on strategies related to financial services modernization. The Division reviews policies, certificates, and rate filings.

The Financial Standards and Examination Division protects consumers by ensuring the financial solvency of insurers authorized to do business in Kentucky. The Division is responsible for conducting financial examinations, financial analyses, and providing administrative oversight of the insurance industry.

The Insurance Fraud Investigation Division is the Office's enforcement unit empowered to conduct criminal investigations of suspected fraudulent insurance acts. Insurance-related fraud may be committed by applicants for insurance, policyholders, third party claimants, agents, and providers of services who are paid by insurance.

The Agent Licensing Division makes certain that only knowledgeable and qualified insurance representatives sell insurance products to Kentucky consumers. The Division administers examinations, monitors continuing education courses, and licenses agents.

The Consumer Protection and Education Division is the main link between the Office and the citizens of the Commonwealth. The Division also administers the emergency response program, which provides on-site assistance to citizens or communities affected by insured disasters within the Commonwealth. An ombudsman provides additional assistance to consumers. The Market Conduct unit of Consumer Protection observes and analyzes the business practices of insurers.

The State Risk and Insurance Services Division administers the State Fire and Tornado Insurance Fund pursuant to KRS 56.070 to 56.180. It provides self-insurance for the Commonwealth's state- and university-owned real and personal property. The Division resembles an insurance company and has its own brokers and agents. It develops and maintains coverage forms, makes decisions where a particular submission should be insured, determines rates, issues certificates and endorsements, and collects premiums. The Division establishes the replacement value of all insured real property and adjusts, negotiates, and settles claims. Because all risks cannot be properly covered under the State Fire and Tornado Insurance Fund, the Division assists in the placement of various types of property and liability exposures through the commercial market. The Division provides assistance to property owners who have experienced property damage resulting from collapsed underground mines through the Mine Subsidence Fund.

Kentucky Access, Kentucky's high-risk health insurance pool, was created by the 2000 General Assembly. It is a statewide health plan that offers health insurance to Kentuckians who have sufficient disposable income to afford health insurance premiums, but cannot obtain individual health insurance in the private market. The Office of Insurance has the statutory responsibility to operate and administer the Kentucky Access program. The responsibility is met through a contractual relationship between the Office and a third party administrator. The program is funded from three revenue sources: premiums paid by policyholders, assessments of all health insurance carriers in the state, and an appropriation of the state's Master Settlement Agreement proceeds (Phase I Tobacco funds) from the Kentucky Health Care Improvement Fund.

The ICARE program, originally established in Part XXIII of the 2006 Kentucky Acts Chapter 252, provides small businesses with a Health Insurance Subsidy. Eligible businesses can have no fewer than two but no more than 25 employees. Participating businesses will continue to receive an immediate, fixed, monthly reimbursement of \$40-\$60 that will decline by \$15 each year of participation for each employee eligible through June 30, 2010.

Policy

The Office of Insurance shall transfer Restricted Funds of \$15,820,000 in fiscal year 2009 and \$15,360,000 in fiscal year 2010 to the General Fund.

The Executive Budget recommends sufficient carry forward funds to continue the Insurance Coverage, Affordability and Relief to Small Employers (ICARE) Program.

The ICARE program shall transfer Restricted Funds in the amount of \$16,750,000 in fiscal year 2009 to the General Fund.

The Office of Insurance's Kentucky Access program shall transfer Restricted Funds in the amount of \$71,551,500 in fiscal year 2009 and \$5,385,900 in fiscal year 2010 to the General Fund.

The Office of Insurance's Fire and Tornado program shall transfer Restricted Funds in the amount of \$1,000,000 in fiscal year 2008 to the General Fund.

**Environmental and Public Protection
Mine Safety Review Commission**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	202,400	228,700	238,100	133,900	137,100
Budget Reduction	-18,200				
Total General Fund	184,200	228,700	238,100	133,900	137,100
Restricted Funds					
Balance Forward	10,500	10,500	10,500	10,500	5,500
Total Restricted Funds	10,500	10,500	10,500	10,500	5,500
TOTAL SOURCE OF FUNDS	194,700	239,200	248,600	144,400	142,600
EXPENDITURES BY CLASS					
Personnel Cost	157,900	201,400	210,800	130,800	134,000
Operating Expenses	26,300	27,300	27,300	8,100	8,600
TOTAL EXPENDITURES	184,200	228,700	238,100	138,900	142,600
EXPENDITURES BY FUND SOURCE					
General Fund	184,200	228,700	238,100	133,900	137,100
Restricted Funds				5,000	5,500
TOTAL EXPENDITURES	184,200	228,700	238,100	138,900	142,600
EXPENDITURES BY UNIT					
Mine Safety Review Commission	184,200	228,700	238,100	138,900	142,600
TOTAL EXPENDITURES	184,200	228,700	238,100	138,900	142,600

The Mine Safety Review Commission, pursuant to KRS Chapter 351, protects the health and safety of coal miners by insuring the enforcement of mine safety regulations. Its three members, appointed by the governor, conduct hearings on safety violations and impose penalties for serious violations. The Commission has the power to revoke or suspend a mine's license or an individual miner's certification and fine certified miners up to the equivalent of wages for ten working days for their first offense.

The Commission is an independent agency attached to the Cabinet for Environmental and Public Protection, Office of the Secretary, for administrative purposes only.

**Environmental and Public Protection
Mine Safety and Licensing**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	9,522,600	17,729,800	18,092,900	13,464,400	13,790,200
Salary Compensation Fund	62,500				
Mandated Allotments	750,000				
Total General Fund	10,335,100	17,729,800	18,092,900	13,464,400	13,790,200
Restricted Funds					
Balance Forward	894,300	278,300	128,900	278,300	128,900
Current Receipts	793,500	810,400	835,400	810,400	835,400
Non-Revenue Receipts	987,700	987,700	987,700	987,700	987,700
Total Restricted Funds	2,675,500	2,076,400	1,952,000	2,076,400	1,952,000
Federal Funds					
Current Receipts	666,800	666,800	666,800	666,800	666,800
Non-Revenue Receipts	-35,700	-35,700	-35,700	-35,700	-35,700
Total Federal Funds	631,100	631,100	631,100	631,100	631,100
TOTAL SOURCE OF FUNDS	13,641,700	20,437,300	20,676,000	16,171,900	16,373,300
EXPENDITURES BY CLASS					
Personnel Cost	11,126,000	16,368,200	17,767,700	13,007,500	13,704,200
Operating Expenses	2,074,400	2,992,900	2,735,300	2,781,900	2,511,100
Grants, Loans or Benefits	158,000	165,300	173,000	158,000	158,000
Capital Outlay	5,000	782,000		95,600	
TOTAL EXPENDITURES	13,363,400	20,308,400	20,676,000	16,043,000	16,373,300
EXPENDITURES BY FUND SOURCE					
General Fund	10,335,100	17,729,800	18,092,900	13,464,400	13,790,200
Restricted Funds	2,397,200	1,947,500	1,952,000	1,947,500	1,952,000
Federal Funds	631,100	631,100	631,100	631,100	631,100
TOTAL EXPENDITURES	13,363,400	20,308,400	20,676,000	16,043,000	16,373,300
EXPENDITURES BY UNIT					
Administrative Support	644,900	748,200	792,000	578,700	583,300
Safety Inspection and Licensing	7,287,600	10,537,100	10,814,400	8,558,000	8,721,300
Explosives and Blasting	705,200	992,500	987,600	645,800	661,900
Investigation	566,700	655,000	698,000	539,500	553,300
Safety Analysis, Training and Certification	4,159,000	7,375,600	7,384,000	5,721,000	5,853,500
TOTAL EXPENDITURES	13,363,400	20,308,400	20,676,000	16,043,000	16,373,300

The Office of Mine Safety and Licensing, pursuant to KRS Chapter 351, is responsible for the regulation of mining practices to prevent injuries and fatalities in underground, strip, and auger mines.

The Office trains, tests, and licenses mine personnel. Its mine safety instructors provide general and technical safety training and education courses to mine personnel to maintain an adequate number of certified and qualified personnel for the mining industry. Moreover, the agency encourages safe work habits of coal miners by providing quality on-the-job, one-on-one safety training for surface miners.

The Office licenses all underground and surface coal mines in the Commonwealth. It issues permits for specific mining methods including the use of diesel equipment, roof control, extended cuts, mining near oil and gas wells, and additional mine openings. The agency inspects mines, regulates solid shooting (blasting) within the mines and investigates illegal mining operations.

The Office develops and maintains databases to track information about each mining operation. The data base includes the number of miners employed by the mine, type of operations, type of worker's compensation insurance, and the number and type of mining law violations, closures, and abatements for each mine and mine operator. A second database provides information on all individuals certified as surface mine foremen, surface mine safety analysts, underground mine foremen, underground mine instructors, underground mine inspectors, and electrical inspectors.

The 2006 General Assembly passed Senate Bill 200 and House Bill 527 and the 2007 General Assembly passed House Bill 207 to address mine safety issues ranging from inspections to mine safety equipment to drug testing requirements for miners. House Bill 207 increased the required number of inspections of underground coal mines by the Office from three times a year to six times a year and required an additional six hours of annual mine safety training for mine foremen. House Bill 527 required drug testing of all miners as a condition of certification.

Policy

Included in the above General Fund appropriation is \$3,000,000 in each fiscal year of the 2008-2010 biennium to hire additional staff including mine inspectors, mine safety analysts, and mine safety instructors to comply with the increased inspection and training requirements of House Bill 207 as enacted by the 2007 General Assembly. The originating source of this General Fund money is the Coal Severance Tax.

**Environmental and Public Protection
Public Service Commission**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	13,006,000	13,669,600	14,663,800	13,000,000	13,000,000
Continuing Appropriation	1,155,200				
Budget Reduction	-2,655,000				
Total General Fund	11,506,200	13,669,600	14,663,800	13,000,000	13,000,000
Restricted Funds					
Balance Forward	218,200	218,200	88,600	218,200	218,200
Current Receipts	822,000	822,000	822,000	822,000	822,000
Non-Revenue Receipts	14,200	18,900	18,900	18,900	18,900
Fund Transfers	-25,500				
Total Restricted Funds	1,028,900	1,059,100	929,500	1,059,100	1,059,100
Federal Funds					
Current Receipts	232,500	341,700	341,700	232,500	232,500
Non-Revenue Receipts	-14,200	-18,900	-18,900	-14,200	-14,200
Total Federal Funds	218,300	322,800	322,800	218,300	218,300
TOTAL SOURCE OF FUNDS	12,753,400	15,051,500	15,916,100	14,277,400	14,277,400
EXPENDITURES BY CLASS					
Personnel Cost	8,591,300	12,253,500	13,097,300	8,792,600	9,047,600
Operating Expenses	375,100	2,083,600	2,104,400	1,317,900	1,337,900
Grants, Loans or Benefits	810,700			840,900	840,900
Debt Service	589,000	589,000	589,000	589,000	589,000
Capital Outlay	37,000	36,800	36,800	18,800	18,800
TOTAL EXPENDITURES	10,403,100	14,962,900	15,827,500	11,559,200	11,834,200
EXPENDITURES BY FUND SOURCE					
General Fund	9,374,100	13,669,600	14,663,800	10,500,000	10,775,000
Restricted Funds	810,700	970,500	840,900	840,900	840,900
Federal Funds	218,300	322,800	322,800	218,300	218,300
TOTAL EXPENDITURES	10,403,100	14,962,900	15,827,500	11,559,200	11,834,200
EXPENDITURES BY UNIT					
Commission Operations	5,366,400	6,924,200	7,233,200	5,366,200	5,462,400
Financial Analysis	1,697,600	2,611,400	2,807,400	1,926,100	1,984,600
Engineering	1,662,900	1,804,300	1,951,600	1,821,000	1,896,500
Division of Filings	704,800	2,265,800	2,402,300	1,371,600	1,405,400
Consumer Services	383,900	642,500	680,900	482,800	493,800
Gas Pipeline Safety	587,500	714,700	752,100	591,500	591,500
TOTAL EXPENDITURES	10,403,100	14,962,900	15,827,500	11,559,200	11,834,200

The Public Service Commission, pursuant to KRS Chapter 278, regulates the intrastate rates and services of over 500 investor-owned electric, natural gas, telephone, water and sewage utilities, rural electric and telephone cooperatives, and water districts. The three-member Commission performs its regulatory functions through written orders following adjudicative and rulemaking procedures outlined in statute. The Commission is an independent agency attached to the Department for Public Protection for administrative purposes only.

The Commission's goal is to ensure that every utility charges fair, just, and reasonable rates for the services rendered and that those services are adequate and efficient.

The agency is funded by an assessment of all utilities under the Commission's jurisdiction based on the annual gross intrastate revenues.

The Commission staff is organized into the Divisions of Consumer Services, Filings, Engineering, Financial Analysis and Gas Pipeline Safety.

Policy

The Executive Budget includes \$1,000,000 in fiscal year 2008; \$2,500,000 in fiscal year 2009 and \$2,250,000 in fiscal year 2010 that shall lapse to the credit of the General Fund from the Public Service Commission.

The funding mechanism for the Telecommunication Device for the Deaf Distribution Program shall allocate not more than two cents per access line per month.

Environmental and Public Protection

Tax Appeals

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	465,400	553,800	587,600	439,800	439,800
Budget Reduction	-30,000				
Salary Compensation Fund	4,400				
Total General Fund	439,800	553,800	587,600	439,800	439,800
TOTAL SOURCE OF FUNDS	439,800	553,800	587,600	439,800	439,800
EXPENDITURES BY CLASS					
Personnel Cost	425,000	505,200	539,000	424,400	427,200
Operating Expenses	14,800	48,600	48,600	15,400	12,600
TOTAL EXPENDITURES	439,800	553,800	587,600	439,800	439,800
EXPENDITURES BY FUND SOURCE					
General Fund	439,800	553,800	587,600	439,800	439,800
TOTAL EXPENDITURES	439,800	553,800	587,600	439,800	439,800

The Board of Tax Appeals, pursuant to KRS Chapter 131, is an administrative review agency with exclusive jurisdiction to hear and resolve appeals arising from final rulings, orders, and determinations of any agency of state or county government relating to revenue and taxation.

The Board consists of three members appointed by the Governor for staggered four-year terms. One member is designated by the Governor as chairman. The Board is an independent agency that is attached to the Department for Public Protection for administrative purposes only.

Environmental and Public Protection

Labor

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	2,456,800	2,990,600	3,199,500	2,121,100	2,121,300
Budget Reduction	-74,500				
Salary Compensation Fund	27,700				
Total General Fund	2,410,000	2,990,600	3,199,500	2,121,100	2,121,300
Restricted Funds					
Balance Forward	10,973,900			1,373,600	1,504,600
Current Receipts	1,800,000	1,600,000	1,600,000	1,600,000	1,600,000
Non-Revenue Receipts	99,759,500	99,261,700	101,987,400	92,442,300	92,278,800
Total Restricted Funds	112,533,400	100,861,700	103,587,400	95,415,900	95,383,400
Federal Funds					
Current Receipts	3,547,600	3,548,900	3,560,100	3,502,200	3,502,400
Non-Revenue Receipts	-253,500	-263,000	-266,000	-263,000	-266,000
Total Federal Funds	3,294,100	3,285,900	3,294,100	3,239,200	3,236,400
TOTAL SOURCE OF FUNDS	118,237,500	107,138,200	110,081,000	100,776,200	100,741,100
EXPENDITURES BY CLASS					
Personnel Cost	22,673,300	29,970,000	32,203,000	22,170,900	22,820,200
Operating Expenses	5,437,500	4,993,200	5,237,000	4,925,700	5,168,800
Grants, Loans or Benefits	88,424,800	72,001,000	72,001,000	72,001,000	72,001,000
Capital Outlay	328,300	174,000	640,000	174,000	145,000
TOTAL EXPENDITURES	116,863,900	107,138,200	110,081,000	99,271,600	100,135,000
EXPENDITURES BY FUND SOURCE					
General Fund	2,410,000	2,990,600	3,199,500	2,121,100	2,121,300
Restricted Funds	111,159,800	100,861,700	103,587,400	93,911,300	94,777,300
Federal Funds	3,294,100	3,285,900	3,294,100	3,239,200	3,236,400
TOTAL EXPENDITURES	116,863,900	107,138,200	110,081,000	99,271,600	100,135,000
EXPENDITURES BY UNIT					
Commissioner's Office & Administrative Services	3,343,800	3,715,300	4,657,900	3,020,500	3,306,500
Workplace Standards	91,905,000	76,291,700	76,593,400	75,078,900	75,143,900
Occupational Safety and Health	8,421,500	10,481,100	11,106,900	7,951,300	8,130,400
Workers' Claims	13,193,600	16,650,100	17,722,800	13,220,900	13,554,200
TOTAL EXPENDITURES	116,863,900	107,138,200	110,081,000	99,271,600	100,135,000

The Department of Labor, pursuant to KRS 336.015, consists of the Office of the Commissioner, the Office of Labor Management Relations and Mediation, and the Office of Workplace Standards. The Office of the Commissioner manages and administers the Department. The Office of Labor Management Relations and Mediation mediates disputes between employees and management. The Office of Workplace Standards regulates prevailing wage, employment standards, and child labor law.

Attached administratively to the Department of Labor are the Kentucky Labor Management Council, the Kentucky Employees Insurance Association, the State Labor Relations Board, the Workers' Compensation Funding Commission, the Workers' Compensation Advisory Council, the Occupational Safety and Health Standards Board, the Prevailing Wage Review Board, the Apprenticeship and Training Council, the Employees Mutual Insurance Authority, the Workers' Compensation Nominating Commission, and the Office of Workers' Claims.

**Environmental and Public Protection
Occupational Safety and Health Review Commission**

	<u>Revised FY 2008</u>	<u>Requested FY 2009</u>	<u>Requested FY 2010</u>	<u>Recommended FY 2009</u>	<u>Recommended FY 2010</u>
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	133,800			26,500	42,100
Non-Revenue Receipts	377,100	738,200	776,700	510,900	510,900
Total Restricted Funds	<u>510,900</u>	<u>738,200</u>	<u>776,700</u>	<u>537,400</u>	<u>553,000</u>
TOTAL SOURCE OF FUNDS	<u>510,900</u>	<u>738,200</u>	<u>776,700</u>	<u>537,400</u>	<u>553,000</u>
EXPENDITURES BY CLASS					
Personnel Cost	441,000	692,800	731,300	451,900	462,400
Operating Expenses	43,400	45,400	45,400	43,400	43,400
TOTAL EXPENDITURES	<u>484,400</u>	<u>738,200</u>	<u>776,700</u>	<u>495,300</u>	<u>505,800</u>
EXPENDITURES BY FUND SOURCE					
Restricted Funds	484,400	738,200	776,700	495,300	505,800
TOTAL EXPENDITURES	<u>484,400</u>	<u>738,200</u>	<u>776,700</u>	<u>495,300</u>	<u>505,800</u>
EXPENDITURES BY UNIT					
Occupational Safety and Health Review Commission	484,400	738,200	776,700	495,300	505,800
TOTAL EXPENDITURES	<u>484,400</u>	<u>738,200</u>	<u>776,700</u>	<u>495,300</u>	<u>505,800</u>

The Kentucky Occupational Safety and Health Review Commission is an independent quasi-judicial administrative agency which hears and rules on appeals of citations, pursuant to KRS 338.071 and KRS 338.081, issued by the Division of Compliance in the Office of Occupational Safety and Health in the Labor Department.

The Commission receives and processes over 200 cases per year and holds hearings throughout the state. Written findings of fact, conclusions of law, and the recommended decisions issued by the hearing officers may be appealed to the Commission and then to Franklin Circuit Court.

Funding for the Commission consists of Restricted Funds transferred from the Workers Compensation Funding Commission.

**Environmental and Public Protection
Workers' Compensation Board**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	14,000			29,300	35,100
Non-Revenue Receipts	935,500	1,136,000	1,207,300	955,000	936,400
Total Restricted Funds	949,500	1,136,000	1,207,300	984,300	971,500
TOTAL SOURCE OF FUNDS	949,500	1,136,000	1,207,300	984,300	971,500
EXPENDITURES BY CLASS					
Personnel Cost	807,400	1,022,200	1,094,400	835,400	856,100
Operating Expenses	112,800	113,800	112,900	113,800	112,900
TOTAL EXPENDITURES	920,200	1,136,000	1,207,300	949,200	969,000
EXPENDITURES BY FUND SOURCE					
Restricted Funds	920,200	1,136,000	1,207,300	949,200	969,000
TOTAL EXPENDITURES	920,200	1,136,000	1,207,300	949,200	969,000
EXPENDITURES BY UNIT					
Workers' Compensation Board	920,200	1,136,000	1,207,300	949,200	969,000
TOTAL EXPENDITURES	920,200	1,136,000	1,207,300	949,200	969,000

The Kentucky Workers' Compensation Board rules on appeals of decisions rendered by administrative law judges in the Kentucky Workers Claims' and Compensation system pursuant to KRS 342.213 and KRS 342.285. The board consists of three members appointed by the Governor to four-year terms. These members must possess the qualifications of appeals court justices and are held to those same professional ethical standards of behavior and compensation. A decision from two of the three board members constitutes a decision of the board.

**Environmental and Public Protection
Workers' Compensation Funding Commission**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation		19,000,000	19,000,000		
Total General Fund		19,000,000	19,000,000		
Restricted Funds					
Balance Forward	17,143,300			10,300	55,200
Current Receipts	105,439,200	95,671,400	98,909,900	110,548,800	111,061,300
Non-Revenue Receipts		2,199,400	2,373,900	-2,516,100	-2,642,200
Total Restricted Funds	122,582,500	97,870,800	101,283,800	108,043,000	108,474,300
TOTAL SOURCE OF FUNDS	122,582,500	116,870,800	120,283,800	108,043,000	108,474,300
EXPENDITURES BY CLASS					
Personnel Cost	2,299,300	2,759,700	2,885,800	2,314,100	2,352,600
Operating Expenses	116,642,900	112,496,100	115,783,000	104,058,700	104,500,800
Grants, Loans or Benefits	3,630,000	1,615,000	1,615,000	1,615,000	1,615,000
TOTAL EXPENDITURES	122,572,200	116,870,800	120,283,800	107,987,800	108,468,400
EXPENDITURES BY FUND SOURCE					
General Fund		19,000,000	19,000,000		
Restricted Funds	122,572,200	97,870,800	101,283,800	107,987,800	108,468,400
TOTAL EXPENDITURES	122,572,200	116,870,800	120,283,800	107,987,800	108,468,400
EXPENDITURES BY UNIT					
Workers' Compensation Funding Commission	1,746,300	2,199,400	2,373,900	1,753,800	1,840,700
Benefit Reserve	116,119,200	111,979,900	115,218,400	103,542,500	103,936,200
KCWP Fund	4,706,700	2,691,500	2,691,500	2,691,500	2,691,500
TOTAL EXPENDITURES	122,572,200	116,870,800	120,283,800	107,987,800	108,468,400

The Workers' Compensation Funding Commission was created through the passage of House Bill 1 by the 1987 Extraordinary Session of the General Assembly. House Bill 928, passed by the 1994 General Assembly, transferred the Commission to the Labor Cabinet for administrative purposes. The agency has the public purpose of controlling, investing, and managing the funds collected pursuant to KRS Chapter 342.

The Commission collects two separate assessments as required by KRS Chapter 342. One assessment is imposed on Kentucky Workers' Compensation premiums received by all insurance carriers and group self-insurers, and on a calculation-based premium equivalent for employers carrying their own risk. A second assessment is imposed on such premiums received from employers engaged in the severance or processing of coal. In addition to these assessments, House Bill 1 of the 1996 Extraordinary Session contained a provision beginning with fiscal year 1998, that the Revenue Department credit \$19 million in coal severance tax revenues levied under KRS 143.020 to the Benefit Reserve Fund within the Commission. These funds, coupled with the two assessments, are to be used to fund and pre-fund the liabilities of the Special Fund and the Coal Workers' Pneumoconiosis Fund; finance the administration and operations of the Special Fund and the Coal Workers' Pneumoconiosis Fund; finance the administration and operations of the Funding Commission; finance all programs in the Labor Cabinet except the Division of Apprenticeship, Training and Employment Standards and the Office of Labor-Management Relations; and pay the liabilities and fund the operating budget for the Uninsured Employers' Fund in the Office of the Attorney General.

These assessments are credited to the Commission's Benefit Reserve Fund, and the excess of collections over Special

Fund liabilities, the Coal Workers' Pneumoconiosis Fund liabilities, and budgeted expenditures are invested according to the Commission's policies and in compliance with KRS Chapter 386. The agency may perform or contract for audits of those entities subject to assessments, and may coordinate with other governmental agencies to ensure compliance with the statutes relating to Workers' Compensation funding.

The Board is required to engage a certified public accountant to conduct an annual examination of the Commission's affairs and report the findings to the Governor and the Auditor of Public Accounts.

Included in the operating expenses are the fund transfers that represent the amounts the Commission will transfer to the Labor Cabinet and the Uninsured Employers' Fund for those programs statutorily supported by assessments.

The Commission maintains a diverse financial long-term investment portfolio and has an agreement with the Office of Financial Management, within the Finance and Administration Cabinet, for short-term overnight investment advantages.

Policy

The Benefit Reserve Fund has a sufficient balance to meet all claims, expected growth, and reserves for the upcoming biennium. Therefore, the Governor's recommended budget does not include the \$19 million required in KRS 342.122(1)(3).

The Governor's recommended budget includes \$952,000 in each year of the biennium in Coal Workers' Pneumoconiosis Funds to support Mine Safety Training in the Office of Mine Safety and Licensing.

The Governor's recommended budget includes a Restricted Funds transfer in the amount of \$6,200,000 in fiscal year 2009 from the Special Fund Benefit Reserve which shall be transferred to the General Fund.

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Finance and Administration

Finance and Administration

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	483,436,600	620,303,100	627,699,900	555,219,300	551,559,600
Budget Reduction	-2,060,500				
Salary Compensation Fund	1,896,700				
Total General Fund	483,272,800	620,303,100	627,699,900	555,219,300	551,559,600
Tobacco Settlement-Phase I					
Tobacco Settlement - I	18,022,400	15,591,500	15,592,900	15,691,500	15,692,900
Continuing Appropriation	9,017,500	9,017,500	9,017,500		
Total Tobacco Settlement-Phase I	27,039,900	24,609,000	24,610,400	15,691,500	15,692,900
Restricted Funds					
Balance Forward	28,312,400	18,598,700	12,269,000	20,511,900	14,046,100
Current Receipts	150,519,300	148,846,900	148,946,900	148,352,600	148,245,400
Non-Revenue Receipts	-4,059,000	-941,300	-931,300	4,016,900	4,221,800
Fund Transfers	-4,687,100			-4,272,400	-1,500,000
Total Restricted Funds	170,085,600	166,504,300	160,284,600	168,609,000	165,013,300
Federal Funds					
Balance Forward	159,600				
Current Receipts	1,615,400	1,400,000	1,400,000	1,400,000	1,400,000
Total Federal Funds	1,775,000	1,400,000	1,400,000	1,400,000	1,400,000
Road Fund					
Regular Appropriation	2,400,000	2,400,000	2,400,000	2,725,000	2,725,000
Total Road Fund	2,400,000	2,400,000	2,400,000	2,725,000	2,725,000
TOTAL SOURCE OF FUNDS	684,573,300	815,216,400	816,394,900	743,644,800	736,390,800
EXPENDITURES BY CLASS					
Personnel Cost	173,099,300	220,026,800	231,191,900	166,975,900	171,160,100
Operating Expenses	116,021,000	124,329,400	124,606,500	121,424,700	124,534,200
Grants, Loans or Benefits	5,325,000	2,425,000	2,425,000	2,425,000	2,425,000
Debt Service	249,560,200	428,812,500	426,732,000	427,612,500	420,513,000
Capital Outlay	9,913,800	11,636,200	11,380,100	4,460,600	4,460,600
Construction	5,974,000	6,700,000	7,000,000	6,700,000	6,234,200
TOTAL EXPENDITURES	559,893,300	793,929,900	803,335,500	729,598,700	729,327,100
EXPENDITURES BY FUND SOURCE					
General Fund	389,987,800	620,303,100	627,699,900	555,219,300	551,559,600
Tobacco Settlement-Phase I	15,622,400	15,591,500	15,592,900	15,691,500	15,692,900
Restricted Funds	150,804,400	154,235,300	156,242,700	154,562,900	157,949,600
Federal Funds	1,775,000	1,400,000	1,400,000	1,400,000	1,400,000
Road Fund	2,400,000	2,400,000	2,400,000	2,725,000	2,725,000
TOTAL EXPENDITURES	560,589,600	793,929,900	803,335,500	729,598,700	729,327,100
EXPENDITURES BY UNIT					
General Administration	44,178,800	50,085,000	50,674,700	41,326,500	43,689,800
Controller	16,697,400	16,610,100	17,086,200	17,522,700	17,479,400
Debt Service	249,560,200	428,810,500	420,384,000	427,612,500	420,513,000
Facilities and Support Services	38,422,000	46,714,300	51,061,700	41,399,100	41,830,000
County Costs	22,431,500	19,513,600	19,513,500	19,513,600	19,513,500
Commonwealth Office of Technology	68,592,400	77,341,400	80,676,400	68,165,600	69,082,100
Revenue	82,165,000	105,642,400	111,346,500	78,213,600	80,165,100
Property Valuation Administrators	38,542,300	49,212,600	52,592,500	35,845,100	37,054,200
TOTAL EXPENDITURES	560,589,600	793,929,900	803,335,500	729,598,700	729,327,100

The Finance and Administration Cabinet is responsible for managing the financial resources of the Commonwealth and providing central administrative services to agencies of state and local government. The mission of the Finance and Administration Cabinet is to provide its customers with assistance in the delivery of quality services, effective administration, and sound financial management. The Cabinet provides leadership, coordination, and support to other state agencies to ensure accountability and integrity in the use of public resources. The Finance and Administration Cabinet constantly strives to conduct government business more effectively. Moreover, among the highest priorities of the Cabinet is providing the nine cabinets and all other agencies of state government with the resources necessary to carry out their stated missions by equitable and efficient revenue collection.

The Cabinet's duties include construction of state facilities, property management including motor vehicles, tax administration and collection, management of the Commonwealth's information technology systems, expenditure control, and state purchasing.

The Department of Revenue is the statutory agency of state government responsible for the administration of all state revenue laws and the collection of taxes. In fulfilling this responsibility, the Department seeks to ensure taxpayers' voluntary compliance with the revenue laws and regulations, to enforce such laws in those instances where necessary, and to supervise and assist county property valuation administrators in their implementation of the property tax laws.

The Commonwealth Office of Technology (COT) provides leadership, policy direction, and technical support to all executive branch agencies of state government in the application of information technology and the delivery of information services. This broad statement of responsibility encompasses major information resource functions such as data center operations; voice, data, and video communications; application development; data and security administration; computer and data communications, hardware selection and installation; and related end-user and customer support services. The workload for COT is highly sensitive to agency programmatic shifts, particularly changes mandated by state and federal legislation.

Finance and Administration
General Administration

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	10,442,600	14,079,100	14,547,800	9,309,200	9,446,500
Salary Compensation Fund	130,200				
Total General Fund	10,572,800	14,079,100	14,547,800	9,309,200	9,446,500
Restricted Funds					
Balance Forward	2,904,700	2,193,500	1,388,500	2,166,800	1,032,200
Current Receipts	36,103,600	34,624,900	34,624,900	34,579,100	34,575,400
Non-Revenue Receipts	176,000	176,000	176,000	176,000	176,000
Fund Transfers	-3,811,500			-4,272,400	-1,500,000
Total Restricted Funds	35,372,800	36,994,400	36,189,400	32,649,500	34,283,600
Road Fund					
Regular Appropriation	400,000	400,000	400,000	400,000	400,000
Total Road Fund	400,000	400,000	400,000	400,000	400,000
TOTAL SOURCE OF FUNDS	46,345,600	51,473,500	51,137,200	42,358,700	44,130,100
EXPENDITURES BY CLASS					
Personnel Cost	13,012,200	16,498,200	17,291,600	12,489,900	12,787,800
Operating Expenses	22,600,000	22,735,800	22,488,200	25,161,200	27,626,600
Capital Outlay	8,566,600	10,451,000	10,194,900	3,275,400	3,275,400
Construction		400,000	700,000	400,000	
TOTAL EXPENDITURES	44,178,800	50,085,000	50,674,700	41,326,500	43,689,800
EXPENDITURES BY FUND SOURCE					
General Fund	10,572,800	14,079,100	14,547,800	9,309,200	9,446,500
Restricted Funds	33,206,000	35,605,900	35,726,900	31,617,300	33,843,300
Road Fund	400,000	400,000	400,000	400,000	400,000
TOTAL EXPENDITURES	44,178,800	50,085,000	50,674,700	41,326,500	43,689,800
EXPENDITURES BY UNIT					
Secretary	1,740,700	2,784,900	2,330,900	1,856,700	1,897,500
Office of General Counsel	4,725,600	5,556,500	5,874,000	4,121,300	4,217,800
Office of Administrative Services	3,874,500	4,629,600	4,929,000	3,495,700	3,520,500
Fleet Management	29,950,000	32,216,900	32,106,100	27,563,500	30,079,800
Occupations and Professions	924,300	1,091,100	1,156,000	897,700	919,000
Postal Services	2,963,700	3,806,000	4,278,700	3,391,600	3,055,200
TOTAL EXPENDITURES	44,178,800	50,085,000	50,674,700	41,326,500	43,689,800

The General Administration appropriation unit provides coordination and management of the Cabinet. It is comprised of the Office of the Secretary, Office of Public Information, Office of General Counsel, Office of Equal Employment Opportunity, Contract Compliance, and the Office of Administrative Services, including the divisions of Occupations and Professions and Postal Services.

The Office of the Secretary, including the Office of Public Information, develops executive policy and directs the overall management of the Commonwealth's property and financial assets. Office staff coordinates fiscal and personnel administration for the Cabinet, reviews all internal reorganizations, prepares the Cabinet legislative package, and handles inquiries and issues that arise from the General Assembly, the news media, and the general public. The Secretary of

Finance serves on numerous boards and commissions including the Kentucky Economic Development Partnership Board, the Kentucky Economic Development Finance Authority, the Kentucky Infrastructure Authority, the Kentucky Higher Education Assistance Authority, and the Kentucky Housing Corporation.

The Office of Equal Employment Opportunity (EEO) and Contract Compliance is responsible for developing, implementing, and monitoring the Finance and Administration Cabinet's affirmative action plan as required by KRS 18A.138. The Office also monitors all contracts in excess of \$250,000 awarded by the Cabinet to ensure compliance with the affirmative action provisions of the Kentucky Equal Opportunity Act.

The Office of General Counsel provides legal services to the departments of the Finance and Administration Cabinet and Cabinet-related entities. Members of this office represent the Secretary of the Cabinet in civil litigation. The unit also reviews legislation being considered by the General Assembly.

The Office of Administrative Services manages personnel, fiscal policy, and payroll functions for all units within the Finance and Administration Cabinet, the Governor's Office, the Executive Branch Ethics Commission, the School Facilities Construction Commission, and the Lieutenant Governor's Office. This unit prepares the Cabinet's budget and manages the Cabinet's personal property inventory. The Office has responsibility for the management and oversight of the Division of Occupations and Professions, and the Division of Postal Services.

The Division of Occupations and Professions provides administrative services and technical assistance to state licensing boards and commissions. Currently, the Division directly supports the following 20 organizations: Alcohol and Drug Counselors, Art Therapy, Athlete Agents, Dietitians and Nutritionists, Fee-Based Pastoral Counselors, Hearing Instrument Specialists, Interpreters for the Deaf and Hard of Hearing, Marriage and Family Therapists, Massage Therapists, Nursing Home Administrators, Occupational Therapy, Ophthalmic Dispensers, Private Investigators, Professional Counselors, Professional Geologists, Proprietary Education, Psychology, Social Work, Speech-Language Pathology and Audiology, and Veterinary Examiners. The services provided by the Division include personnel, property management, budget management, contracting, complaint management, fee collection, enforcement of statutes and regulations, and other issues identified as important to performing the duties of the agency.

The Division of Postal Services has recently consolidated from five locations into one mail management center which provides a more secure environment for the Commonwealth's mail. The Division provides messenger service to all state agencies and performs mail processing functions for over 125 state agencies. This division advises agencies about USPS rules, regulations, and services. The Fleet Management Division was moved from the Transportation Cabinet in 2005. The Fleet Management Division manages and maintains the Commonwealth's vehicle fleet for use by state agencies and employees.

Finance and Administration

Controller

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	10,954,300	12,629,300	12,946,200	9,196,800	9,224,300
Budget Reduction	-752,000				
Salary Compensation Fund	42,700				
Total General Fund	10,245,000	12,629,300	12,946,200	9,196,800	9,224,300
Restricted Funds					
Balance Forward	3,065,100	2,809,400	2,778,600	2,733,000	1,610,300
Current Receipts	2,328,800	2,750,000	2,850,000	2,362,300	2,320,300
Non-Revenue Receipts	3,083,700	200,000	210,000	3,840,900	4,045,800
Fund Transfers	-292,200				
Total Restricted Funds	8,185,400	5,759,400	5,838,600	8,936,200	7,976,400
Federal Funds					
Current Receipts	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Total Federal Funds	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
TOTAL SOURCE OF FUNDS	19,430,400	19,388,700	19,784,800	19,133,000	18,200,700
EXPENDITURES BY CLASS					
Personnel Cost	7,838,900	9,568,200	10,044,200	7,852,000	7,451,400
Operating Expenses	7,858,500	6,039,900	6,040,000	8,670,700	9,028,000
Grants, Loans or Benefits	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Debt Service		2,000	2,000		
TOTAL EXPENDITURES	16,697,400	16,610,100	17,086,200	17,522,700	17,479,400
EXPENDITURES BY FUND SOURCE					
General Fund	10,245,000	12,629,300	12,946,200	9,196,800	9,224,300
Restricted Funds	5,452,400	2,980,800	3,140,000	7,325,900	7,255,100
Federal Funds	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
TOTAL EXPENDITURES	16,697,400	16,610,100	17,086,200	17,522,700	17,479,400
EXPENDITURES BY UNIT					
Controller	5,316,200	5,905,000	5,867,100	4,572,000	4,500,000
Local Government Services	1,115,500	1,344,000	1,430,200	1,115,500	1,115,500
Rural Empowerment Zone	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Financial Management	3,794,500	4,182,200	4,324,200	4,544,900	4,300,600
Procurement Services	1,716,700	2,071,700	2,203,700	1,715,500	1,781,500
Customer Resource Center	2,905,000	932,200	1,000,200	3,715,900	3,898,700
Policy and Audit	849,500	1,175,000	1,260,800	858,900	883,100
TOTAL EXPENDITURES	16,697,400	16,610,100	17,086,200	17,522,700	17,479,400

The Office of the Controller provides management for financial accounting control policies and procedures; financial accounting systems; debt management; state purchasing; administration of the Old-Age, Survivors, Disability and Hospital Insurance program; and functions relating to the county fee systems for local entities. The State Controller functions as the Commonwealth's Chief Accounting Officer and participates in the development and maintenance of the Commonwealth's strategic financial management program.

The Division of Local Government Services administers, for the benefit of state employees and political subdivisions

within the Commonwealth, the Old Age and Survivors Insurance program under Section 218 of the federal Social Security Act. This program is responsible for ensuring that the social security obligations of the state and its political subdivisions are met. To fulfill this responsibility, the State Office for Social Security periodically visits each of the political subdivisions for a procedural, compliance, and fiscal audit pursuant to KRS 61.410 - 61.500. The Division also provides personnel, accounting, and other administrative services to counties through the County Costs, County Fees, and PVA programs.

The Division of Statewide Accounting Services is responsible for maintenance and operation of the central statewide accounting system and provides centralized accounting of all receipts and disbursements of the Commonwealth. In addition, this division prepares daily, monthly, and annual financial reports, which constitute a complete report of the financial activities and condition of the Commonwealth.

The Office of Financial Management manages the state's investments and debt. This includes managing cash flow to maximize the return on state investments, making debt service payments, managing the sale of bonds, and reporting to the General Assembly on all investment and debt matters. The Office is responsible for developing a long-term debt plan for the Commonwealth, including the development of criteria for the issuance of debt, providing an evaluation of how much total state debt is justified, and evaluating revenue projections relative to proposed revenue bond issues. The Office handles all investments on behalf of the General Fund, the Capital Construction Fund, the Transportation Fund, and approximately 50 other accounts.

The Office of Material and Procurement Services is responsible for the central purchasing and materials management for state government (excluding construction and road maintenance). The Office supports the Procurement Desktop software module of eMARS, designing and testing modifications to the software to ensure it meets the needs of using agencies. The Procurement Services Branch and the Procurement of Technology Services Branch are responsible, with respect to their area of expertise, for purchasing all commodities and non-professional services for state agencies that exceed an agency's small purchase authority limit. The Government Contract Review Branch provides administrative oversight and review of all personal service contracts and Memoranda of Agreement, and ensures compliance with the provisions of KRS Chapter 45A prior to forwarding contracts to the Legislative Research Commission, Government Contract Review Committee, for approval.

The Office of the Customer Resource Center (CRC) operates a help desk to support nearly 5,000 users of the eMARS system and is responsible for training Commonwealth employees on all eMARS products. In addition, CRC is responsible for developing and analyzing reports to identify areas that need improvement.

The Office of Policy and Audit is responsible for assuring the reliability and integrity of information used to support management decision making, evaluating how state assets are safeguarded, providing risk and insurance management to the Cabinet, and appraising the economy and efficiency of resource use. Staff also ascertains whether the operations and programs are being implemented as planned, and performs special studies at the request of management.

Finance and Administration

Debt Service

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	327,397,800	413,394,000	404,966,100	412,196,000	405,095,100
Total General Fund	327,397,800	413,394,000	404,966,100	412,196,000	405,095,100
Tobacco Settlement-Phase I					
Tobacco Settlement - I	17,847,400	15,416,500	15,417,900	15,416,500	15,417,900
Continuing Appropriation	9,017,500	9,017,500	9,017,500		
Total Tobacco Settlement-Phase I	26,864,900	24,434,000	24,435,400	15,416,500	15,417,900
TOTAL SOURCE OF FUNDS	354,262,700	437,828,000	429,401,500	427,612,500	420,513,000
EXPENDITURES BY CLASS					
Debt Service	249,560,200	428,810,500	420,384,000	427,612,500	420,513,000
TOTAL EXPENDITURES	249,560,200	428,810,500	420,384,000	427,612,500	420,513,000
EXPENDITURES BY FUND SOURCE					
General Fund	234,112,800	413,394,000	404,966,100	412,196,000	405,095,100
Tobacco Settlement-Phase I	15,447,400	15,416,500	15,417,900	15,416,500	15,417,900
TOTAL EXPENDITURES	249,560,200	428,810,500	420,384,000	427,612,500	420,513,000

Previously authorized State Property and Buildings Commission General Fund debt service for all agencies is consolidated in the Finance and Administration Cabinet. All new 2008-2010 State Property and Buildings Commission General Fund debt service (except that which directly affects the Finance and Administration Cabinet's programs) is reflected in budgets of the affected agencies.

**Finance and Administration
Facilities and Support Services**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	7,526,800	11,359,100	15,714,500	6,193,400	6,294,600
Budget Reduction	-149,000				
Salary Compensation Fund	83,800				
Total General Fund	7,461,600	11,359,100	15,714,500	6,193,400	6,294,600
Restricted Funds					
Balance Forward	3,491,700	3,121,000	1,854,100	3,158,900	2,041,500
Current Receipts	31,211,000	34,088,300	34,088,300	34,088,300	34,088,300
Fund Transfers	-583,400				
Total Restricted Funds	34,119,300	37,209,300	35,942,400	37,247,200	36,129,800
TOTAL SOURCE OF FUNDS	41,580,900	48,568,400	51,656,900	43,440,600	42,424,400
EXPENDITURES BY CLASS					
Personnel Cost	21,444,000	25,508,000	26,838,100	21,901,500	22,406,900
Operating Expenses	16,208,300	19,306,300	19,421,600	17,597,600	17,588,900
Debt Service			2,902,000		
Capital Outlay	162,000				
Construction	607,700	1,900,000	1,900,000	1,900,000	1,834,200
TOTAL EXPENDITURES	38,422,000	46,714,300	51,061,700	41,399,100	41,830,000
EXPENDITURES BY FUND SOURCE					
General Fund	7,461,600	11,359,100	15,714,500	6,193,400	6,294,600
Restricted Funds	30,960,400	35,355,200	35,347,200	35,205,700	35,535,400
TOTAL EXPENDITURES	38,422,000	46,714,300	51,061,700	41,399,100	41,830,000
EXPENDITURES BY UNIT					
Commissioner's Office	413,800	797,100	3,517,300	512,200	526,300
Engineering and Contract Administration	4,538,700	5,452,600	5,820,400	4,466,500	4,567,700
Real Property	1,376,700	1,648,200	1,757,400	1,389,400	1,389,400
Historic Properties	440,700	491,800	612,800	415,400	415,400
Building and Mechanical Services	30,679,900	37,231,400	38,201,200	33,677,000	33,965,700
State Surplus Property	546,600	599,200	632,800	497,400	514,500
Federal Surplus Property	425,600	494,000	519,800	441,200	451,000
TOTAL EXPENDITURES	38,422,000	46,714,300	51,061,700	41,399,100	41,830,000

The Department for Facilities and Support Services consists of the Commissioner's Office and five offices/divisions: Engineering and Contract Administration, Historic Properties, Real Properties, Surplus Properties, and the Office of Building and Mechanical Services. The Department manages the State's facilities construction program, maintains Finance and Administration Cabinet buildings, provides management and oversight of state-owned historical buildings and sites, and provides real property acquisition, disposition, leasing, and inventory services.

The Commissioner's Office coordinates and supervises the activities of the five offices/divisions authorized in KRS 42.027.

The Division of Engineering and Contract Administration provides professional and technical engineering and architectural services to state agencies, reviews capital construction design documents, acts as a liaison between the Department and state agencies on new construction and major maintenance projects, and monitors construction and maintenance contracts for compliance with plans and specifications. The Division is also responsible for administering the procurement process for construction projects of the Commonwealth of Kentucky, excluding roads and bridges, as prescribed by the Kentucky

Model Procurement Code (KRS 45A) and the related administrative regulations. The Division prepares invitations to bid, opens and evaluates those bids, and awards contracts. The General Contracting Branch provides general construction procurement, administers the advertising and awarding of state general construction projects and related support systems, provides procurement information to state agencies, and administers procurement programs for new building construction, renovation, and mechanical, electrical, and HVAC systems. The Specialized Contracting Branch administers the advertising and awarding of state specialized construction projects and related support systems, provides procurement information to state agencies, administers programs such as reclamation under the Abandoned Mines Lands program, the procurement of state-owned telephone switching systems, asbestos abatement projects, and master agreements for maintenance of elevators, escalators, and similar services. The Administrative Services Branch and the Pre-Audit Branch provide support services to the Division and Department.

The Division of Real Properties provides buildings and parking facilities for state agencies throughout the Commonwealth. The Leased Properties Branch is responsible for administering space requests for leased property, acquisitions of privately-owned leased property for state use, lease renewals and cancellations, modifications to leased property, and related activities. The State Properties Branch administers space assignments for state-owned real property, acquisitions and sales of real properties, leases of state-owned real property to other entities, easements on state-owned real property, appraisals and appraisal reviews for acquisitions and dispositions, authorization of demolition of state-owned buildings, and relocation assistance. The Inventory and Property Utilization Branch plans space utilization including minor building alterations and renovations and interior space standards and administers inventory of state-owned real property, inventory of state-owned leased-out real property, inventory of state leased-in real property, building use permits, reserved parking assignments in Frankfort, and deed and easement records of state-owned real property.

The Division of Historic Properties, in accordance with KRS 42.019 and KRS 11.026, is responsible for the preservation and maintenance of Finance and Administration Cabinet-owned historic sites including the Kentucky State Capitol, Executive Mansion, Old Governor's Mansion, Berry Hill Mansion, and the Vest-Lindsey State Meeting House. The Division consults with the Department of Parks to preserve and maintain those historic sites under the management and control of the Tourism Development Cabinet. The same consultation services are provided to other agencies within state government as requested. The Director of the Division of Historic Properties serves as State Curator and a member of the Historic Properties Advisory Commission. The Commission is statutorily responsible for overseeing the maintenance, restoration, preservation, and care of furnishings and grounds of the Executive Mansion, Old Governor's Mansion, and State Capitol grounds. Historic Properties staff is responsible for scheduling and coordinating events held in the public areas of the Capitol Building and grounds. Staff have established and implemented policies and guidelines for the use of this space to allow public access while preserving and protecting the historic and architectural integrity of the buildings and grounds.

The Office of Building and Mechanical Services, which includes the Division of Building Services and the Division of Mechanical Services, as authorized by KRS 42.027, provides services for all Finance and Administration Cabinet-operated buildings and for the state agencies occupying those facilities.

The Office is responsible for several buildings in Frankfort including the Capitol, New Capitol Annex, Old Capitol, Old Capitol Annex, Capital Plaza Complex, Human Resources Building, Executive Mansion, Old Governor's Mansion, New State Office Building, Library and Archives Building, Central Lab Facility, the Kentucky History Center and the new Transportation Cabinet building. The Office also services buildings at the London Regional and Madisonville state office complexes, the Spindletop Research Complex in Fayette County, and offices in Ashland, Jackson, Louisville, Owensboro, and Richmond that were formerly owned and operated by Cabinet for Health and Family Services. Services provided include minor renovations; maintaining parking lots, sidewalks and ramps; janitorial and landscaping services; maintaining the heating, ventilating, and air conditioning systems; maintaining special equipment within the buildings as requested; roof repair; fire alarm and security systems; electrical systems; energy conservation; maintaining elevators and escalators; maintaining emergency power systems; and after-hours emergency services.

Additionally, the Office is responsible for developing plans and specifications for a wide variety of construction projects. After plans and specifications are complete and have been approved, the Office oversees the construction phase and provides contract administration.

**Finance and Administration
County Costs**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	20,481,500	17,581,500	17,581,500	17,581,500	17,581,500
Total General Fund	20,481,500	17,581,500	17,581,500	17,581,500	17,581,500
Restricted Funds					
Balance Forward	206,400	125,700	62,900	125,700	62,900
Current Receipts	1,869,300	1,869,300	1,869,300	1,869,300	1,869,300
Total Restricted Funds	2,075,700	1,995,000	1,932,200	1,995,000	1,932,200
TOTAL SOURCE OF FUNDS	22,557,200	19,576,500	19,513,700	19,576,500	19,513,700
EXPENDITURES BY CLASS					
Personnel Cost	1,735,000	1,717,100	1,717,000	1,717,100	1,717,000
Operating Expenses	16,371,500	16,371,500	16,371,500	16,371,500	16,371,500
Grants, Loans or Benefits	4,325,000	1,425,000	1,425,000	1,425,000	1,425,000
TOTAL EXPENDITURES	22,431,500	19,513,600	19,513,500	19,513,600	19,513,500
EXPENDITURES BY FUND SOURCE					
General Fund	20,481,500	17,581,500	17,581,500	17,581,500	17,581,500
Restricted Funds	1,950,000	1,932,100	1,932,000	1,932,100	1,932,000
TOTAL EXPENDITURES	22,431,500	19,513,600	19,513,500	19,513,600	19,513,500
EXPENDITURES BY UNIT					
Public Defender Program	1,695,000	1,677,100	1,677,000	1,677,100	1,677,000
Witnesses	130,000	130,000	130,000	130,000	130,000
DUI Service Fees	1,425,000	1,425,000	1,425,000	1,425,000	1,425,000
Sheriffs Fees'	10,334,000	10,334,000	10,334,000	10,334,000	10,334,000
County Clerks (Make Tax Bills)	305,000	305,000	305,000	305,000	305,000
Board Of Assessment Appeals	60,000	60,000	60,000	60,000	60,000
Fugitive From Justice	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Jury Fund	3,600,000	3,600,000	3,600,000	3,600,000	3,600,000
Sheriffs Expense Allowance	466,600	466,600	466,600	466,600	466,600
Premium On Sheriffs' Bonds	15,900	15,900	15,900	15,900	15,900
Access to Justice	2,900,000				
TOTAL EXPENDITURES	22,431,500	19,513,600	19,513,500	19,513,600	19,513,500

The County Costs program pays local officials for the performance of functions required by state statutes. For example, a sheriff is paid by the state for services rendered to the state for enforcing state laws. This falls within the Criminal Prosecutions program. A witness in a state court trial is paid by the state for performing a function required by state statute. This is an example of the Miscellaneous Fee program. Payments under the County Costs program are statutorily mandated and are regarded as a necessary governmental expense.

KRS 31.185 requires the fiscal court or legislative body of an urban county government, containing less than ten circuit judges, to annually appropriate twelve and one-half cents (\$0.125) per capita to the county as determined by the Council of Local Governments' most recent population statistics. The funds, which shall not lapse, shall be held in a special account to be administered by the Finance and Administration Cabinet, and shall be used to pay all court orders (KRS 31.185) that have been entered into as a result of a needy defendant's motion for funding assistance. If the funds are depleted in any given year, any unpaid court orders will be paid as a judgment against the Commonwealth.

Policy

Funds required to pay county costs are appropriated and additional funds may be allotted from the General Fund Surplus Account (KRS 48.700) or the Budget Reserve Trust Fund Account (KRS 48.705) by the Secretary of the Finance and Administration Cabinet as a necessary governmental expense, subject to the conditions and procedures provided in the Appropriations Act.

Under KRS 27A.630, as amended by House Bill 163 in the 2003 session of the General Assembly, filing fees for civil actions include \$20 in Circuit Court and \$10 in District Court to support access to justice by indigent clients. The fees are paid to the General Fund, and the Finance and Administration Cabinet distributes them monthly to non-profit agencies designated by the Chief Justice in each judicial district to provide the legal services. In previous years these have been accounted for as expenditures requiring an appropriation upon recommendation of the Finance Cabinet. These will be considered as reductions to revenue and accounted for solely on the revenue side of the ledger.

**Finance and Administration
Commonwealth Office of Technology**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation		7,550,000	9,149,700		
Total General Fund		7,550,000	9,149,700		
Restricted Funds					
Balance Forward	12,135,000	7,245,300	4,633,000	8,476,000	7,380,700
Current Receipts	70,246,400	66,779,100	66,779,100	66,670,300	66,608,900
Non-Revenue Receipts	-7,318,700				
Total Restricted Funds	75,062,700	74,024,400	71,412,100	75,146,300	73,989,600
Federal Funds					
Balance Forward	159,600				
Current Receipts	615,400	400,000	400,000	400,000	400,000
Total Federal Funds	775,000	400,000	400,000	400,000	400,000
TOTAL SOURCE OF FUNDS	75,837,700	81,974,400	80,961,800	75,546,300	74,389,600
EXPENDITURES BY CLASS					
Personnel Cost	39,454,600	49,520,100	51,239,100	40,467,900	41,374,700
Operating Expenses	21,890,000	22,236,100	22,241,100	22,112,500	22,122,200
Debt Service			1,611,000		
Capital Outlay	1,185,200	1,185,200	1,185,200	1,185,200	1,185,200
Construction	5,366,300	4,400,000	4,400,000	4,400,000	4,400,000
TOTAL EXPENDITURES	67,896,100	77,341,400	80,676,400	68,165,600	69,082,100
EXPENDITURES BY FUND SOURCE					
General Fund		7,550,000	9,149,700		
Restricted Funds	67,817,400	69,391,400	71,126,700	67,765,600	68,682,100
Federal Funds	775,000	400,000	400,000	400,000	400,000
TOTAL EXPENDITURES	68,592,400	77,341,400	80,676,400	68,165,600	69,082,100
EXPENDITURES BY UNIT					
Commonwealth Office of Technology	7,825,500	8,842,600	9,298,000	7,163,000	7,178,800
Application Development	11,780,100	13,946,200	14,775,400	11,272,300	11,520,200
Infrastructure Services	46,688,200	51,973,000	53,915,100	47,423,000	48,039,800
Enterprise Policy and Project Management	2,298,600	2,579,600	2,687,900	2,307,300	2,343,300
TOTAL EXPENDITURES	68,592,400	77,341,400	80,676,400	68,165,600	69,082,100

The Commonwealth Office of Technology (COT) provides leadership, policy direction, and technical support to all executive branch agencies in the application of information technology and the delivery of information services. This broad statement of responsibility encompasses major information resource functions such as data center operations; voice, data, and video communications; application development; data and security administration; computer hardware selection and installation; and related end-user and customer support services. The workload for COT is highly sensitive to agency programmatic shifts, particularly changes mandated by state and federal legislation.

The Commonwealth Office of Technology provides support for major management systems throughout state government.

- Enhanced Management Administrative Reporting System (eMARS)

- Kentucky Vehicle Registration and Information System (KVIS and AVIS)
- Department of Revenue's tax systems
- Driver's license system
- Uniform Payroll and Personnel System (UPPS)
- Kentucky State Police systems
- Education technology system
- Kentucky's Electronic Workplace for Employment Services (KEWES)

COT consists of four units for budgetary purposes: the Office of the Commissioner, Application Development, Infrastructure Services, and Enterprise Policy and Project Management.

The Commissioner is responsible for developing strategies and policies to promote the effective application of information technology within state government as a means of saving money, increasing efficiency and employee productivity, and improving services to the public, including electronic access to information of the Commonwealth.

The Office of Application Development analyzes, designs, develops and installs systems and applications for client agencies throughout state government. Support is provided for systems that drive mission-critical activities for the Commonwealth, including public assistance, public health and safety, collection of taxes, and financial and personnel management of state government. The Office provides consulting services and support in a broad range of technical environments including Windows NT, 2000, and XP; UNIX; and Z/OS using languages such as Java, VB, .NET, COBOL, SAS, and others.

The Office of Infrastructure Services operates the Commonwealth's enterprise computing and communications environment. This Office includes the daily operation of the Commonwealth Data Center, operation and maintenance of the Kentucky Information Highway, and all communication services, including data, voice, video and wireless. Other responsibilities include providing help desk assistance to end-users and ensuring the security of client information in the areas of electronic commerce and network computing. The Division of Printing provides agencies with hard copy access to information, especially for high volume, color, and wide-format documents, as well as print project planning, consulting and electronic forms design.

The Office of Enterprise Policy and Project Management is responsible for the statewide strategic information technology (IT) plan. Staff in this office assist state agencies in developing their own IT plans that conform with the policies and architecture standards determined by COT. Other responsibilities include enterprise capacity planning, testing, research and development.

The Commonwealth Office of Technology operates as an internal service fund agency with budgetary support derived through the application of a federally-approved cost allocation plan, which distributes costs to user agencies based upon utilization of services. The rate schedule by which COT bills agencies for IT services is reviewed annually and adjusted as necessary to accurately reflect actual cost. By consolidating infrastructure services and purchases of equipment and software licenses, COT is able to provide many basic services at very competitive rates.

Finance and Administration

Revenue

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	73,234,300	98,546,400	104,250,500	68,397,300	70,363,400
Salary Compensation Fund	708,900				
Total General Fund	73,943,200	98,546,400	104,250,500	68,397,300	70,363,400
Tobacco Settlement-Phase I					
Tobacco Settlement - I	175,000	175,000	175,000	275,000	275,000
Total Tobacco Settlement-Phase I	175,000	175,000	175,000	275,000	275,000
Restricted Funds					
Balance Forward	4,638,100	2,006,000	1,003,000	3,851,500	1,918,500
Current Receipts	5,260,200	5,235,300	5,235,300	5,283,300	5,283,200
Non-Revenue Receipts		-1,317,300	-1,317,300		
Total Restricted Funds	9,898,300	5,924,000	4,921,000	9,134,800	7,201,700
Road Fund					
Regular Appropriation	2,000,000	2,000,000	2,000,000	2,325,000	2,325,000
Total Road Fund	2,000,000	2,000,000	2,000,000	2,325,000	2,325,000
TOTAL SOURCE OF FUNDS	86,016,500	106,645,400	111,346,500	80,132,100	80,165,100
EXPENDITURES BY CLASS					
Personnel Cost	51,504,300	68,434,600	71,901,400	47,134,400	48,800,100
Operating Expenses	30,660,700	37,207,800	37,612,100	31,079,200	31,365,000
Debt Service			1,833,000		
TOTAL EXPENDITURES	82,165,000	105,642,400	111,346,500	78,213,600	80,165,100
EXPENDITURES BY FUND SOURCE					
General Fund	73,943,200	98,546,400	104,250,500	68,397,300	70,363,400
Tobacco Settlement-Phase I	175,000	175,000	175,000	275,000	275,000
Restricted Funds	6,046,800	4,921,000	4,921,000	7,216,300	7,201,700
Road Fund	2,000,000	2,000,000	2,000,000	2,325,000	2,325,000
TOTAL EXPENDITURES	82,165,000	105,642,400	111,346,500	78,213,600	80,165,100
EXPENDITURES BY UNIT					
Commissioner's Office	31,120,100	38,292,900	39,534,200	30,208,600	30,360,400
Property Valuation	5,116,300	6,838,900	7,327,900	5,129,800	5,278,000
Field Operations	13,008,300	16,872,300	18,050,500	11,279,500	11,650,100
Income Taxation	6,480,100	8,940,700	9,363,800	6,071,300	6,295,500
Sales and Excise Taxes	6,278,700	7,709,500	8,163,300	6,774,500	6,909,900
Processing and Enforcement	20,161,500	26,988,100	28,906,800	18,749,900	19,671,200
TOTAL EXPENDITURES	82,165,000	105,642,400	111,346,500	78,213,600	80,165,100

The Department of Revenue is responsible for the thorough and equitable administration of all state revenue laws, and for the assessment and collection of 43 separate state taxes. The Department aims to ensure the taxpayer's voluntary compliance with the revenue laws, to enforce such laws in those instances where necessary, and to supervise and assist county property valuation administrators in their implementation of the property tax laws.

The Commissioner's Office includes the Division of Tax Increment Financing, the Division of Special Investigations, and the Taxpayer Ombudsman. Department-wide costs such as office rent, printing, postage, and information technology are budgeted in this unit.

The Office of Property Valuation monitors and evaluates the real property assessments produced by the 120 locally-elected Property Valuation Administrators (PVA's). The division is charged with assessing the property of public service companies; collecting and distributing personal property taxes; and providing education, training, and technical support to the PVA's and sheriffs.

The Office of Field Operations has 10 regional taxpayer service centers located across the state and is responsible for field audits and providing taxpayer assistance.

The Office of Income Taxation administers individual and business income taxes, including employer withholding. The Office is responsible for technical tax research, compliance, taxpayer assistance, tax-specific training, and publications.

The Office of Sales and Excise Taxes administers sales and use taxes and miscellaneous excise taxes. The Office conducts technical tax research and is responsible for compliance, taxpayer assistance, training and publications.

The Office of Processing and Enforcement receives all tax receipts, returns, refunds, documents and correspondence; registers new businesses; and maintains appropriate storage, retrieval and management of tax records for the Commonwealth.

Policy

The Governor's recommended budget includes \$275,000 in tobacco settlement funds in each year of the biennium to enhance the enforcement of KRS 131.600, 131.602, and 131.604 - 131.630. These funds are provided to safeguard the Tobacco Master Settlement Agreement, the fiscal soundness of the state, and the public health.

The Governor's recommended budget includes \$3 million in General Fund in each year of the biennium for the additional operating costs of the new comprehensive tax system.

**Finance and Administration
Property Valuation Administrators**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	33,399,300	45,163,700	48,543,600	32,345,100	33,554,200
Budget Reduction	-1,159,500				
Salary Compensation Fund	931,100				
Total General Fund	33,170,900	45,163,700	48,543,600	32,345,100	33,554,200
Restricted Funds					
Balance Forward	1,871,400	1,097,800	548,900		
Current Receipts	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000
Total Restricted Funds	5,371,400	4,597,800	4,048,900	3,500,000	3,500,000
TOTAL SOURCE OF FUNDS	38,542,300	49,761,500	52,592,500	35,845,100	37,054,200
EXPENDITURES BY CLASS					
Personnel Cost	38,110,300	48,780,600	52,160,500	35,413,100	36,622,200
Operating Expenses	432,000	432,000	432,000	432,000	432,000
TOTAL EXPENDITURES	38,542,300	49,212,600	52,592,500	35,845,100	37,054,200
EXPENDITURES BY FUND SOURCE					
General Fund	33,170,900	45,163,700	48,543,600	32,345,100	33,554,200
Restricted Funds	5,371,400	4,048,900	4,048,900	3,500,000	3,500,000
TOTAL EXPENDITURES	38,542,300	49,212,600	52,592,500	35,845,100	37,054,200
EXPENDITURES BY UNIT					
Property Valuation Administrators	38,542,300	49,212,600	52,592,500	35,845,100	37,054,200
TOTAL EXPENDITURES	38,542,300	49,212,600	52,592,500	35,845,100	37,054,200

Each of the state's 120 counties has a locally elected Property Valuation Administrator (PVA). The PVA and an appointed staff are responsible for locating, identifying, and assessing at fair market value all taxable real property (land and improvements) and tangible personal property in the county. Tax revenues generated by these assessments are used to fund services provided by the state, cities, counties, and school districts as well as special taxing districts such as fire departments, libraries, extension offices, and refuse disposal. Funding from the state, county, and city governments supports the local Property Valuation Administrators' offices.

Policy

Notwithstanding KRS 132.590 and KRS 132.597, Property Valuation Administrators may take necessary actions to manage expenditures within the budgeted amounts. Notwithstanding KRS 132.690, Property Valuation Administrators are directed to physically inspect each parcel of taxable real property no less than once every five (5) years.

Health and Family Services

Health and Family Services

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,777,534,400	2,226,643,400	2,428,246,100	1,877,502,500	1,979,159,300
Special Appropriation	2,000,000				
Current Year Appropriation	116,409,600				
Continuing Appropriation	426,100				
Budget Reduction	-2,751,400				
Salary Compensation Fund	4,377,500				
Base Deduction	-198,500				
Total General Fund	1,897,797,700	2,226,643,400	2,428,246,100	1,877,502,500	1,979,159,300
Tobacco Settlement-Phase I					
Tobacco Settlement - I	23,393,500	30,341,700	30,861,300	30,121,700	30,641,600
Continuing Appropriation	6,009,000				
Other	5,861,900				
Total Tobacco Settlement-Phase I	35,264,400	30,341,700	30,861,300	30,121,700	30,641,600
Restricted Funds					
Balance Forward	19,804,300	9,551,000	12,271,900	4,501,800	7,263,500
Current Receipts	555,836,300	585,909,600	580,748,000	560,751,500	552,752,500
Non-Revenue Receipts	309,461,700	310,872,900	294,371,300	309,528,500	294,060,600
Fund Transfers	-4,522,700			-43,700	-43,700
Total Restricted Funds	880,579,600	906,333,500	887,391,200	874,738,100	854,032,900
Federal Funds					
Balance Forward	37,975,600				
Current Receipts	4,282,653,400	4,705,813,100	4,918,372,200	4,446,162,400	4,636,961,500
Total Federal Funds	4,320,629,000	4,705,813,100	4,918,372,200	4,446,162,400	4,636,961,500
TOTAL SOURCE OF FUNDS	7,134,270,700	7,869,131,700	8,264,870,800	7,228,524,700	7,500,795,300
EXPENDITURES BY CLASS					
Personnel Cost	598,529,300	781,239,200	832,737,100	588,875,200	601,340,400
Operating Expenses	115,712,600	137,475,100	139,924,400	114,852,900	114,909,100
Grants, Loans or Benefits	6,414,145,000	6,934,332,900	7,243,666,200	6,517,419,100	6,780,659,400
Debt Service	1,172,000		37,941,000		1,152,000
Capital Outlay	114,000	3,812,600	2,873,300	114,000	114,000
TOTAL EXPENDITURES	7,129,672,900	7,856,859,800	8,257,142,000	7,221,261,200	7,498,174,900
EXPENDITURES BY FUND SOURCE					
General Fund	1,897,701,700	2,226,643,400	2,428,246,100	1,877,502,500	1,979,159,300
Tobacco Settlement-Phase I	35,264,400	30,341,700	30,861,300	30,121,700	30,641,600
Restricted Funds	876,077,800	894,061,600	879,662,400	867,474,600	851,412,500
Federal Funds	4,320,629,000	4,705,813,100	4,918,372,200	4,446,162,400	4,636,961,500
TOTAL EXPENDITURES	7,129,672,900	7,856,859,800	8,257,142,000	7,221,261,200	7,498,174,900
EXPENDITURES BY UNIT					
General Administration and Program Support	89,570,500	121,123,600	164,704,800	84,129,500	86,069,000
Comm for Children with Special Health Care Needs	17,065,800	21,687,500	22,718,900	16,354,600	16,674,000
Medicaid Services	5,044,905,000	5,464,032,600	5,730,236,400	5,188,404,700	5,451,544,000
Mental Health and Mental Retardation Services	462,371,700	530,226,400	541,161,100	454,995,600	454,698,000
Public Health	356,851,300	375,429,600	377,883,500	348,427,000	349,518,300
Health Policy	2,014,400	7,915,000	14,160,200	1,131,700	1,162,000
Human Support Services	17,348,000	18,028,500	18,186,800	11,738,300	11,766,000
Ombudsman	5,948,600	8,348,200	8,927,000	5,430,400	5,601,100
Disability Determination Services	46,598,800	56,257,600	58,608,500	50,498,700	51,531,000

Community Based Services	1,021,876,800	1,179,026,700	1,240,933,300	1,007,320,000	1,016,706,100
Aging and Independent Living	65,122,000	74,784,100	79,621,500	52,830,700	52,905,400
TOTAL EXPENDITURES	7,129,672,900	7,856,859,800	8,257,142,000	7,221,261,200	7,498,174,900

The Cabinet for Health and Family Services is the primary state agency responsible for leadership in protecting and promoting the health and well being of all Kentuckians through the delivery of quality health and human services. The following departments and/or offices comprise the Cabinet for Health and Family Services: Office of the Secretary, Office of Legislative and Public Affairs, Office of the Inspector General, Office of Legal Services, Office of Technology, Office of Human Resource Management, Office of Fiscal Services, Office of Contract Oversight, Governor's Office of Wellness and Physical Activity, Office of the Ombudsman, Office of Health Policy, Department for Medicaid Services, Department for Mental Health/Mental Retardation Services, Department for Public Health, Department for Aging and Independent Living, Department for Community Based Services, Department for Disability Determination Services, Department for Human Support Services, and the Commission for Children with Special Health Care Needs.

Health and Family Services
General Administration and Program Support

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	36,100,000	56,196,400	99,067,600	33,076,700	34,587,100
Continuing Appropriation	426,100				
Budget Reduction	-1,084,400				
Salary Compensation Fund	266,400				
Total General Fund	35,708,100	56,196,400	99,067,600	33,076,700	34,587,100
Tobacco Settlement-Phase I					
Tobacco Settlement - I		2,987,900	3,035,100	2,793,000	2,840,300
Continuing Appropriation	806,900				
Reorganization Adjustments	2,345,600				
Other	394,400				
Total Tobacco Settlement-Phase I	3,546,900	2,987,900	3,035,100	2,793,000	2,840,300
Restricted Funds					
Balance Forward	989,900	233,500	49,900		
Current Receipts	4,882,700	4,882,700	4,882,700	4,882,700	4,882,700
Non-Revenue Receipts	5,479,800	5,428,400	5,428,400	5,428,400	5,428,400
Fund Transfers	-324,500				
Total Restricted Funds	11,027,900	10,544,600	10,361,000	10,311,100	10,311,100
Federal Funds					
Balance Forward	971,000				
Current Receipts	38,316,600	51,444,600	52,241,100	37,948,700	38,330,500
Total Federal Funds	39,287,600	51,444,600	52,241,100	37,948,700	38,330,500
TOTAL SOURCE OF FUNDS	89,570,500	121,173,500	164,704,800	84,129,500	86,069,000
EXPENDITURES BY CLASS					
Personnel Cost	56,353,300	79,678,000	86,817,900	51,160,200	52,774,500
Operating Expenses	28,972,200	34,104,000	33,496,400	29,799,400	29,812,300
Grants, Loans or Benefits	4,025,000	3,643,000	3,690,200	3,169,900	3,217,200
Debt Service	220,000		37,941,000		265,000
Capital Outlay		3,698,600	2,759,300		
TOTAL EXPENDITURES	89,570,500	121,123,600	164,704,800	84,129,500	86,069,000
EXPENDITURES BY FUND SOURCE					
General Fund	35,708,100	56,196,400	99,067,600	33,076,700	34,587,100
Tobacco Settlement-Phase I	3,546,900	2,987,900	3,035,100	2,793,000	2,840,300
Restricted Funds	11,027,900	10,494,700	10,361,000	10,311,100	10,311,100
Federal Funds	39,287,600	51,444,600	52,241,100	37,948,700	38,330,500
TOTAL EXPENDITURES	89,570,500	121,123,600	164,704,800	84,129,500	86,069,000
EXPENDITURES BY UNIT					
Administrative Support	62,877,400	85,986,000	127,897,500	59,054,900	60,298,900
Governor's Office of Wellness and Physical Activity	5,336,800	7,560,600	7,672,400	4,036,400	4,106,400
Inspector General	21,356,300	27,577,000	29,134,900	21,038,200	21,663,700
TOTAL EXPENDITURES	89,570,500	121,123,600	164,704,800	84,129,500	86,069,000

General Administration and Program Support consists of Administrative Support, the Office of the Inspector General, and the Governor's Office of Wellness and Physical Activity.

The Administrative Support area includes the Office of the Secretary, the Office of Legal Services, the Office of Legislative and Public Affairs, the Office of Fiscal Services, the Office of Technology, the Office of Human Resource Management, and the Office of Contract Oversight. These offices provide policy, administrative, legal, financial, and personnel support services to the program areas of the Cabinet.

The Office of the Inspector General provides support to other programs in the Cabinet for Health and Family Services through the Division of Audits and Detection, the Division of Special Investigations, the Division of Regulated Child Care, the Division of Health Care Facilities and Services, and the Division of Fraud, Waste, and Abuse Identification and Prevention.

The Governor's Office of Wellness and Physical Activity is responsible for establishing and implementing a health wellness and fitness program for Kentucky and to promote a healthy lifestyle for all citizens of the Commonwealth.

**Health and Family Services
General Administration and Program Support
Administrative Support**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	28,174,100	42,002,300	83,894,800	25,852,900	26,715,100
Budget Reduction	-42,900				
Salary Compensation Fund	155,300				
Total General Fund	28,286,500	42,002,300	83,894,800	25,852,900	26,715,100
Restricted Funds					
Balance Forward	597,200	12,200			
Current Receipts	3,093,800	3,093,800	3,093,800	3,093,800	3,093,800
Non-Revenue Receipts	5,203,400	5,453,400	5,453,400	5,453,400	5,453,400
Fund Transfers	-324,500				
Total Restricted Funds	8,569,900	8,559,400	8,547,200	8,547,200	8,547,200
Federal Funds					
Current Receipts	26,021,000	35,424,300	35,455,500	24,654,800	25,036,600
Total Federal Funds	26,021,000	35,424,300	35,455,500	24,654,800	25,036,600
TOTAL SOURCE OF FUNDS	62,877,400	85,986,000	127,897,500	59,054,900	60,298,900
EXPENDITURES BY CLASS					
Personnel Cost	35,753,400	51,198,200	56,481,800	31,581,600	32,548,400
Operating Expenses	26,846,000	31,265,100	30,657,400	27,415,300	27,427,500
Grants, Loans or Benefits	58,000	58,000	58,000	58,000	58,000
Debt Service	220,000		37,941,000		265,000
Capital Outlay		3,464,700	2,759,300		
TOTAL EXPENDITURES	62,877,400	85,986,000	127,897,500	59,054,900	60,298,900
EXPENDITURES BY FUND SOURCE					
General Fund	28,286,500	42,002,300	83,894,800	25,852,900	26,715,100
Restricted Funds	8,569,900	8,559,400	8,547,200	8,547,200	8,547,200
Federal Funds	26,021,000	35,424,300	35,455,500	24,654,800	25,036,600
TOTAL EXPENDITURES	62,877,400	85,986,000	127,897,500	59,054,900	60,298,900

Administrative Support provides funding for seven organizational units within the Cabinet for Health and Family Services including the Office of the Secretary, the Office of Legal Services, the Office of Legislative and Public Affairs, the Office of Fiscal Services, the Office of Technology, the Office of Human Resource Management, and the Office of Contract Oversight.

The Office of the Secretary provides oversight and leadership for the Cabinet and its programs.

The Office of Legal Services provides legal advice and assistance to all units of the Cabinet in any legal action in which it may be involved. This office provides legal representation for the Cabinet in federal courts, state courts, and before quasi-judicial and administrative bodies; administers all personal service contracts of the Cabinet for legal services; assists in drafting and reviewing legislation, regulations, statutes, and other legal documents and instruments; and provides the Secretary, Commissioners, and Directors in the Cabinet with the legal advice and representation necessary for them to properly administer the Cabinet's programs.

The Office of Legislative and Public Affairs is responsible for providing qualified administrative law judges/hearing officials to conduct administrative hearings related to Cabinet matters, overseeing and monitoring legislative activities, and representing the Cabinet in matters of public information, including media inquiries, open records requests, press releases, public relations,

and internal communications.

The Office of Fiscal Affairs provides overall administrative support including designing, coordinating, and documenting all activities related to budget; reporting and management analysis; providing and tracking accounting and payment services, including travel, for the Cabinet; filing required financial reports; responding to audits of the Cabinet's programs; providing maintenance and security of the accounting systems; monitoring all facilities of the Cabinet, including space design and utilization, establishment, monitoring, and reporting on safety programs, property insurance, claims processing, preparation and maintenance of the Cabinet's Six-Year Capital Plan; coordinating, tracking, and monitoring capital construction projects; tracking and reporting on the Cabinet's physical assets and public records.

The Office of Technology is responsible for providing strategic direction and oversight of technology resources for the Cabinet, including technical support services, system security, statewide system services, monitoring technology purchase requests, and other technology-related services and initiatives. The Office is also responsible for maintaining high quality technology, managing and maintaining the Cabinet's network, installing and supporting voice communication systems, and supervising the development, operation, and security of the extensive statewide application systems that support direct delivery of statewide services.

The Office of Human Resource Management serves all Cabinet employees and programs and provides payroll and health benefits administration, equal employment opportunity compliance, and professional development and training activities. This office serves as the Cabinet's appointing authority and performs all the duties, responsibilities and functions required to maintain an effective and efficient personnel management system in accordance with the Kentucky Revised Statutes, Kentucky Administrative Regulations, and the policy guidelines of the Secretary of the Cabinet.

The Office of Contract Oversight is responsible for monitoring Cabinet contracts, overseeing the procurement process, providing technical support to Cabinet staff in procurement and contracting procedures, and ensuring compliance with statutes, regulations, policy, and procedures related to procurement and contracting.

Policy

The Executive Budget includes General Fund in the amount of \$265,000 in fiscal year 2010 to support \$4,000,000 in bonds for the cabinet's 2008-2010 Maintenance Pool project.

**Health and Family Services
General Administration and Program Support
Governor's Office of Wellness and Physical Activity**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,500,000	3,670,800	3,735,400	341,500	364,200
Continuing Appropriation	426,100				
Budget Reduction	-1,041,500				
Salary Compensation Fund	3,400				
Total General Fund	888,000	3,670,800	3,735,400	341,500	364,200
Tobacco Settlement-Phase I					
Tobacco Settlement - I		2,987,900	3,035,100	2,793,000	2,840,300
Continuing Appropriation	806,900				
Reorganization Adjustments	2,345,600				
Other	394,400				
Total Tobacco Settlement-Phase I	3,546,900	2,987,900	3,035,100	2,793,000	2,840,300
Federal Funds					
Current Receipts	901,900	901,900	901,900	901,900	901,900
Total Federal Funds	901,900	901,900	901,900	901,900	901,900
TOTAL SOURCE OF FUNDS	5,336,800	7,560,600	7,672,400	4,036,400	4,106,400
EXPENDITURES BY CLASS					
Personnel Cost	1,211,600	3,737,700	3,802,300	766,300	789,000
Operating Expenses	158,200	237,900	237,900	158,200	158,200
Grants, Loans or Benefits	3,967,000	3,585,000	3,632,200	3,111,900	3,159,200
TOTAL EXPENDITURES	5,336,800	7,560,600	7,672,400	4,036,400	4,106,400
EXPENDITURES BY FUND SOURCE					
General Fund	888,000	3,670,800	3,735,400	341,500	364,200
Tobacco Settlement-Phase I	3,546,900	2,987,900	3,035,100	2,793,000	2,840,300
Federal Funds	901,900	901,900	901,900	901,900	901,900
TOTAL EXPENDITURES	5,336,800	7,560,600	7,672,400	4,036,400	4,106,400

The Governor's Office of Wellness and Physical Activity is responsible for creating a strategic plan to design Kentucky's wellness efforts, implementing and operating the Governor's Challenge Program, providing assistance to the Governor's Council on Wellness and Physical Activity in accomplishing its mission and charge, developing and implementing all physical activity and wellness related programs for residents of the Commonwealth, developing a comprehensive statewide strategy that coordinates state and local efforts to promote wellness and physical activity, and designing campaigns to raise public awareness and promote citizen engagement regarding the critical nature of wellness in the state and to increase the will to make quality resources and services more widely available.

**Health and Family Services
General Administration and Program Support
Inspector General**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	6,425,900	10,523,300	11,437,400	6,882,300	7,507,800
Salary Compensation Fund	107,700				
Total General Fund	6,533,600	10,523,300	11,437,400	6,882,300	7,507,800
Restricted Funds					
Balance Forward	392,700	221,300	49,900		
Current Receipts	1,788,900	1,788,900	1,788,900	1,788,900	1,788,900
Non-Revenue Receipts	276,400	-25,000	-25,000	-25,000	-25,000
Total Restricted Funds	2,458,000	1,985,200	1,813,800	1,763,900	1,763,900
Federal Funds					
Balance Forward	971,000				
Current Receipts	11,393,700	15,118,400	15,883,700	12,392,000	12,392,000
Total Federal Funds	12,364,700	15,118,400	15,883,700	12,392,000	12,392,000
TOTAL SOURCE OF FUNDS	21,356,300	27,626,900	29,134,900	21,038,200	21,663,700
EXPENDITURES BY CLASS					
Personnel Cost	19,388,300	24,742,100	26,533,800	18,812,300	19,437,100
Operating Expenses	1,968,000	2,601,000	2,601,100	2,225,900	2,226,600
Capital Outlay		233,900			
TOTAL EXPENDITURES	21,356,300	27,577,000	29,134,900	21,038,200	21,663,700
EXPENDITURES BY FUND SOURCE					
General Fund	6,533,600	10,523,300	11,437,400	6,882,300	7,507,800
Restricted Funds	2,458,000	1,935,300	1,813,800	1,763,900	1,763,900
Federal Funds	12,364,700	15,118,400	15,883,700	12,392,000	12,392,000
TOTAL EXPENDITURES	21,356,300	27,577,000	29,134,900	21,038,200	21,663,700

The Office of the Inspector General has five divisions: the Division of Audits and Detection, the Division of Special Investigations, the Division of Regulated Child Care, the Division of Fraud, Waste and Abuse/Identification and Prevention, and the Division of Health Care Facilities and Services. The general authority for the Office of the Inspector General is codified within KRS 194A.030.

The Division of Audits and Detection (DOAD) examine Cabinet programs to assess contractor compliance with state and federal laws and regulations. In accordance with KRS 194A.030, the Division is responsible for the conduct of audits of programs within the Cabinet for Health and Family Services, their grantees and contractors. These include audits of nursing homes, home health agencies, Mental Health/Mental Retardation Boards, primary care centers, psychiatric hospitals, adult day care facilities, spouse abuse centers, child care centers, the Supports for Community Living Program, community action agencies, and child support programs. The DOAD also conducts preliminary investigations of alleged fraud and abuse, which are received over the Medicaid fraud hotline (mandated by KRS 205.8483 and 42 CFR 455) and other Medicaid fraud referrals. The Division also acts as an independent appraisal function within the Cabinet to examine and evaluate its financial and management activities.

The Division of Special Investigations conducts investigations to detect fraud or abuse of any program by any client, or by any vendor of services with whom the Cabinet has contracted. It conducts special investigations requested by the Secretary, commissioners, or agency heads into matters related to the Cabinet and its programs. The Division notifies and forwards any information relevant to possible criminal violations to the appropriate prosecuting authority. The Division operates a toll-free welfare and Medicaid fraud and abuse hotline, conducts investigations of Women, Infants, and Children program vendors,

and collects and reports data on assistance program fraud investigations by the Office of the Inspector General and the Office of the Attorney General.

The Division of Regulated Child Care is charged with licensing certified Family Day Care homes, licensed day care centers (Type I and II), child caring facilities, child-placing agencies, and private adoptive service agencies. This includes initial licensure surveys, yearly re-licensure surveys, and complaint surveys. The Division also rates child care centers as part of the voluntary STARS for KIDS NOW quality initiative.

The Division of Fraud, Waste and Abuse/Identification and Prevention is responsible for planning, developing, and directing agency efforts to identify and prevent fraud, waste and abuse in the Medicaid program, and all other assistance programs administered by the Cabinet for Health and Family Services. The Division is responsible for Medicaid and health care provider, and Medicaid and welfare recipient, surveillance and utilization review, and notification on all issues of administrative compliance and enforcement including recovery of funds. The Division is responsible for administering the enhanced KASPER (Kentucky All Schedule Prescription Enforcement Reporting) system by fully utilizing this database for all purposes under the law and maximizing the potential for this monitoring system. The Division is also responsible for specialized regulatory enforcement matters involving the dispensing of controlled substances in the Commonwealth, and provides policy analysis for recommendations to the respective programs within the Cabinet.

The Division of Health Care Facilities and Services conducts on-site inspections of all health facilities and services throughout the state (including over 2,600 laboratories) to determine compliance with state licensing standards and federal Medicare and Medicaid certification requirements. The Division also investigates allegations of abuse and neglect that may occur in a licensed health facility.

Health and Family Services
Commission for Children with Special Health Care Needs

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	5,917,000	10,358,100	9,952,200	5,619,000	5,938,400
Budget Reduction	-136,800				
Salary Compensation Fund	84,100				
Total General Fund	5,864,300	10,358,100	9,952,200	5,619,000	5,938,400
Tobacco Settlement-Phase I					
Tobacco Settlement - I	352,000	352,000	352,000	352,000	352,000
Total Tobacco Settlement-Phase I	352,000	352,000	352,000	352,000	352,000
Restricted Funds					
Current Receipts	6,773,400	6,773,400	8,210,700	6,254,900	6,254,900
Non-Revenue Receipts	-50,000	-50,000	-50,000	-50,000	-50,000
Fund Transfers	-177,600				
Total Restricted Funds	6,545,800	6,723,400	8,160,700	6,204,900	6,204,900
Federal Funds					
Current Receipts	4,303,700	4,254,000	4,254,000	4,178,700	4,178,700
Total Federal Funds	4,303,700	4,254,000	4,254,000	4,178,700	4,178,700
TOTAL SOURCE OF FUNDS	17,065,800	21,687,500	22,718,900	16,354,600	16,674,000
EXPENDITURES BY CLASS					
Personnel Cost	10,267,900	14,670,400	15,751,800	10,600,800	10,919,400
Operating Expenses	1,566,500	1,899,700	1,852,500	1,511,400	1,512,200
Grants, Loans or Benefits	5,231,400	5,117,400	5,114,600	4,242,400	4,242,400
TOTAL EXPENDITURES	17,065,800	21,687,500	22,718,900	16,354,600	16,674,000
EXPENDITURES BY FUND SOURCE					
General Fund	5,864,300	10,358,100	9,952,200	5,619,000	5,938,400
Tobacco Settlement-Phase I	352,000	352,000	352,000	352,000	352,000
Restricted Funds	6,545,800	6,723,400	8,160,700	6,204,900	6,204,900
Federal Funds	4,303,700	4,254,000	4,254,000	4,178,700	4,178,700
TOTAL EXPENDITURES	17,065,800	21,687,500	22,718,900	16,354,600	16,674,000
EXPENDITURES BY UNIT					
Children's Health Services	17,065,800	21,687,500	22,718,900	16,354,600	16,674,000
TOTAL EXPENDITURES	17,065,800	21,687,500	22,718,900	16,354,600	16,674,000

The Commission for Children with Special Health Care Needs (CCSHCN) has over 80 years experience in providing care for children with a variety of special needs. Through the years, the Commission has evolved from providing surgeries for "crippled children" to offering comprehensive medical care for children with a range of complex needs. A family-centered approach ensures that the family is valued as an integral part of the care plan and services are provided to assist the family in meeting children's needs.

The Commission is charged with planning, developing, providing, and evaluating the public statewide system of care for children with special health care needs and providing early intervention services. The Commission for Children with Special Health Care Needs works collaboratively with other agencies to assure services to children with disabilities are comprehensive, community-based, family-centered, and coordinated, thus avoiding duplication and fragmentation of the service delivery system. Accessibility is a key component of the delivery system. The program provides an array of

preventative, diagnostic, and treatment services for special needs children and youth under 21 including: medical care, hospitalization, medications, durable medical goods, case management, therapy, transportation, and nutritional education. Because rapid advances in medical science have enabled over 90 percent of youth with disabilities and chronic conditions to reach adulthood, the program has expanded its focus to include services and supports for academic achievement, transition from education to employment, from pediatric to adult health care, and to independent living. Because health care is so critical to learning and success in school, CSHCN has entered into an active partnership with the Kentucky Department of Education and other health, education, and social services providers to support children and youth and families and their schools. The Universal Newborn Hearing Screening program supports statewide screening for the early detection of hearing disorders and referral for follow-up treatment. The Vision program supports vision screening for children entering school. The Commission's Hemophilia Program provides medical and social services to children and adults with blood disorders.

The family's financial status plays a role in determining whether the child is accepted into the Children with Special Health Care Needs Program and the Hemophilia Program. All families with incomes at or below 200 percent of the federal poverty level are accepted. A sliding fee scale based on income and number in household determines what percentage of the cost each family pays for treatment. Individuals who fall outside the program's income guidelines can also receive services through the Commission if they reside in medically under-served areas of the state, though the family is required to reimburse the Commission for treatment costs. This allows the Commission to further assist in communities where specialized medical care is unavailable.

**Health and Family Services
Medicaid Services**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,077,538,700	1,314,047,100	1,410,249,900	1,225,453,000	1,320,134,200
Current Year Appropriation	112,000,000				
Salary Compensation Fund	46,900				
Total General Fund	1,189,585,600	1,314,047,100	1,410,249,900	1,225,453,000	1,320,134,200
Restricted Funds					
Balance Forward	5,519,500				
Current Receipts	88,143,800	79,213,200	79,000,000	79,213,200	79,000,000
Non-Revenue Receipts	317,174,100	316,431,600	296,473,100	316,431,600	296,473,100
Total Restricted Funds	410,837,400	395,644,800	375,473,100	395,644,800	375,473,100
Federal Funds					
Balance Forward	19,006,100				
Current Receipts	3,425,475,900	3,754,340,700	3,944,513,400	3,567,306,900	3,755,936,700
Total Federal Funds	3,444,482,000	3,754,340,700	3,944,513,400	3,567,306,900	3,755,936,700
TOTAL SOURCE OF FUNDS	5,044,905,000	5,464,032,600	5,730,236,400	5,188,404,700	5,451,544,000
EXPENDITURES BY CLASS					
Personnel Cost	65,846,600	89,213,600	90,070,700	62,401,700	62,360,500
Operating Expenses	1,089,500	1,445,500	1,414,200	1,373,000	1,414,200
Grants, Loans or Benefits	4,977,968,900	5,373,373,500	5,638,751,500	5,124,630,000	5,387,769,300
TOTAL EXPENDITURES	5,044,905,000	5,464,032,600	5,730,236,400	5,188,404,700	5,451,544,000
EXPENDITURES BY FUND SOURCE					
General Fund	1,189,585,600	1,314,047,100	1,410,249,900	1,225,453,000	1,320,134,200
Restricted Funds	410,837,400	395,644,800	375,473,100	395,644,800	375,473,100
Federal Funds	3,444,482,000	3,754,340,700	3,944,513,400	3,567,306,900	3,755,936,700
TOTAL EXPENDITURES	5,044,905,000	5,464,032,600	5,730,236,400	5,188,404,700	5,451,544,000
EXPENDITURES BY UNIT					
Medicaid Administration	99,445,000	126,662,100	129,714,300	98,140,100	98,140,100
Medicaid Benefits	4,945,460,000	5,337,370,500	5,600,522,100	5,090,264,600	5,353,403,900
TOTAL EXPENDITURES	5,044,905,000	5,464,032,600	5,730,236,400	5,188,404,700	5,451,544,000

Two major programs operate within the Department for Medicaid Services: the Kentucky Medical Assistance program (regular Medicaid program) and the Kentucky Children's Health Insurance program (K-CHIP). The Medical Assistance program provides for comprehensive physical and behavioral health services by reimbursing providers for health care provided to medically indigent Kentuckians. Eligibility for services is determined by staff in county Department for Community Based Services offices. Individuals may automatically qualify for benefits if they are eligible for Supplemental Security Income benefits administered by the Social Security Administration. K-CHIP provides for comprehensive physical and behavioral health services for uninsured children who are not eligible for Medicaid up to 200 percent of the federal poverty level.

**Health and Family Services
Medicaid Services
Medicaid Administration**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	36,441,700	51,000,400	52,522,000	36,488,600	36,488,600
Salary Compensation Fund	46,900				
Total General Fund	36,488,600	51,000,400	52,522,000	36,488,600	36,488,600
Restricted Funds					
Balance Forward	1,115,500				
Non-Revenue Receipts	15,095,100	13,080,000	13,080,000	13,080,000	13,080,000
Total Restricted Funds	16,210,600	13,080,000	13,080,000	13,080,000	13,080,000
Federal Funds					
Balance Forward	3,282,000				
Current Receipts	43,463,800	62,581,700	64,112,300	48,571,500	48,571,500
Total Federal Funds	46,745,800	62,581,700	64,112,300	48,571,500	48,571,500
TOTAL SOURCE OF FUNDS	99,445,000	126,662,100	129,714,300	98,140,100	98,140,100
EXPENDITURES BY CLASS					
Personnel Cost	65,846,600	89,213,600	90,070,700	62,401,700	62,360,500
Operating Expenses	1,089,500	1,445,500	1,414,200	1,373,000	1,414,200
Grants, Loans or Benefits	32,508,900	36,003,000	38,229,400	34,365,400	34,365,400
TOTAL EXPENDITURES	99,445,000	126,662,100	129,714,300	98,140,100	98,140,100
EXPENDITURES BY FUND SOURCE					
General Fund	36,488,600	51,000,400	52,522,000	36,488,600	36,488,600
Restricted Funds	16,210,600	13,080,000	13,080,000	13,080,000	13,080,000
Federal Funds	46,745,800	62,581,700	64,112,300	48,571,500	48,571,500
TOTAL EXPENDITURES	99,445,000	126,662,100	129,714,300	98,140,100	98,140,100
EXPENDITURES BY UNIT					
Medical Assistance Administration	97,830,600	125,769,800	129,056,100	97,289,800	97,539,800
KCHIP Administration	1,614,400	892,300	658,200	850,300	600,300
TOTAL EXPENDITURES	99,445,000	126,662,100	129,714,300	98,140,100	98,140,100

Administrative functions of the Medicaid program and the Kentucky Children's Health Insurance program (KCHIP) include determining applicant eligibility, formulating policy, processing claims, assuring appropriate utilization and collecting third party liabilities, overpayments and cost reimbursement settlements. Claims are paid through contracts with a fiscal agent and a pharmacy benefits administrator. The Medicaid program contracts for medical review of acute care admissions, level of care determinations for long-term care patients, and care reviews for recipients in mental hospitals and psychiatric facilities. The Department for Community Based Services performs the eligibility determination function through contract. The Department also administers KCHIP, a program to provide health care services for uninsured children with family incomes below 200 percent of the federal poverty level but above the federal income level for the Medicaid Program.

Policy

A breakdown of the Medicaid Eligibility contract between the Department for Medicaid Services and the Department for Community Based Services is as follows:

	Fiscal Year 2009	Fiscal Year 2010
State Funds	17,420,800	17,951,900
Federal Funds	17,701,800	18,241,400
Total	35,122,600	36,193,300

**Health and Family Services
Medicaid Services
Medicaid Benefits**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,041,097,000	1,263,046,700	1,357,727,900	1,188,964,400	1,283,645,600
Current Year Appropriation	112,000,000				
Total General Fund	1,153,097,000	1,263,046,700	1,357,727,900	1,188,964,400	1,283,645,600
Restricted Funds					
Balance Forward	4,404,000				
Current Receipts	88,143,800	79,213,200	79,000,000	79,213,200	79,000,000
Non-Revenue Receipts	302,079,000	303,351,600	283,393,100	303,351,600	283,393,100
Total Restricted Funds	394,626,800	382,564,800	362,393,100	382,564,800	362,393,100
Federal Funds					
Balance Forward	15,724,100				
Current Receipts	3,382,012,100	3,691,759,000	3,880,401,100	3,518,735,400	3,707,365,200
Total Federal Funds	3,397,736,200	3,691,759,000	3,880,401,100	3,518,735,400	3,707,365,200
TOTAL SOURCE OF FUNDS	4,945,460,000	5,337,370,500	5,600,522,100	5,090,264,600	5,353,403,900
EXPENDITURES BY CLASS					
Grants, Loans or Benefits	4,945,460,000	5,337,370,500	5,600,522,100	5,090,264,600	5,353,403,900
TOTAL EXPENDITURES	4,945,460,000	5,337,370,500	5,600,522,100	5,090,264,600	5,353,403,900
EXPENDITURES BY FUND SOURCE					
General Fund	1,153,097,000	1,263,046,700	1,357,727,900	1,188,964,400	1,283,645,600
Restricted Funds	394,626,800	382,564,800	362,393,100	382,564,800	362,393,100
Federal Funds	3,397,736,200	3,691,759,000	3,880,401,100	3,518,735,400	3,707,365,200
TOTAL EXPENDITURES	4,945,460,000	5,337,370,500	5,600,522,100	5,090,264,600	5,353,403,900
EXPENDITURES BY UNIT					
Medicaid Benefits	4,841,075,500	5,229,867,800	5,490,371,500	4,982,761,900	5,243,253,300
KCHIP Benefits	104,384,500	107,502,700	110,150,600	107,502,700	110,150,600
TOTAL EXPENDITURES	4,945,460,000	5,337,370,500	5,600,522,100	5,090,264,600	5,353,403,900

The Kentucky Medicaid program, under Title XIX of the Social Security Act and KRS 205.520, provides for preventive and remedial medical care for financially and medically indigent citizens in Kentucky who meet the income and resource criteria for eligibility. The following services are currently provided by Kentucky's Medicaid program: inpatient hospital, physician services, nursing facility services, outpatient hospital, home health, family planning, screening, lab, dental, transportation (both non-emergency and emergency), vision care, hearing care, intermediate care facilities for the mentally retarded, pharmacy, Medicare premiums, community mental health, mental hospitals, psychiatric residential treatment facilities, renal dialysis services, primary care/rural health, podiatry, alternative intermediate services for mentally retarded (Supports for Community Living), ambulatory surgical centers, home and community-based waiver, adult day care, nurse midwife, nurse anesthetist, Hospice, preventive services, targeted case management, school-based services, home-based services for children who are ventilator dependent, durable medical equipment, portable x-ray, nurse practitioners, chiropractor, and other medically necessary diagnostic and treatment services for children in the Early Periodic Screening Diagnostic and Treatment Program. In addition, co-payments and deductibles are paid for qualified Medicare beneficiaries receiving the following services: physical therapy, occupational therapy, psychological, licensed clinical social worker, physician assistant, and comprehensive outpatient rehabilitative facility services.

Kentucky Medical Assistance Program (KMAP) Recipient Groups

Individuals who are eligible for KMAP benefits are classified into two groups: those who already qualify for some type of financial assistance due to eligibility for another program (categorically eligible) and those eligible for medical assistance only (medically needy).

Categorically Eligible: This group includes the following individuals: needy families with dependent children, foster care children, adults 65 years of age or older with income below eligibility thresholds, the needy blind, and the needy permanently and totally disabled. Individuals in this group may receive grant money from Temporary Assistance to Needy Families (TANF), State Supplementation, or the Supplemental Security Income (SSI) programs. Any SSI or State Supplementation recipient as well as individuals who meet the technical and financial requirements of the Aid to Families with Dependent Children program as it existed on July 16, 1996, can qualify for Medicaid.

Medically Needy: Individuals in this group have incomes above the established level to qualify for financial assistance to meet basic needs, but have insufficient income to meet all or part of their medical needs. This group includes: pregnant women and infants in households with income less than 185 percent of the Federal Poverty Level (FPL); children under age six with household income under 133 percent of FPL; and children, ages six to 19 years in families with income not exceeding 100 percent of the FPL.

2007 Poverty Guidelines	
<u>Family Size</u>	<u>Monthly Income</u>
1	\$851
2	\$1,141
3	\$1,431
4	\$1,721
5	\$2,011
6	\$2,301
7	\$2,591
8	\$2,881

Although the aged, blind, and disabled (both categorically and medically needy) represent only 33 percent of the recipient population, they account for approximately 64 percent of expenditures. The recommended budget assumes average monthly Medicaid eligibles of 670,980 in fiscal year 2009 and 675,150 in fiscal year 2010, and 51,750 each year for KCHIP eligibles.

Projecting Benefits Cost

Several forecasting models were combined in the preparation of the Medicaid Benefits projections. Both the Office of State Budget Director (OSBD) and the Department for Medicaid Services (DMS) prepared service-by-service cash forecasts. These forecasts examine past trends in categorical spending to generate projections for future cash expenditures for each classification of medical service (the hypothesis is that the best predictor of future expenditures is past expenditures - adjusted for policy changes). In addition to the cash models, DMS and OSBD operate a more elaborate proprietary model developed by a third-party consulting firm, PriceWaterhouseCoopers (PWC). That model includes a separate forecast of eligibility for each class of Medicaid recipient: Aged, Blind, Disabled; TANF/SOBRA children (with and without Medicaid); TANF/SOBRA adults (with and without Medicare); categorical eligibility associated with foster care; and a residual category for all other eligibility categories. Eligibility is used to transform the expenditure data into a "cost per eligible" for seven bundles of Medicaid services.

Provider Taxes

Although the majority of the funds that the Commonwealth uses to match federal Medicaid dollars are derived from the General Fund, approximately 20 percent of the program's fiscal year 2009 and 2010 expenditure match will be secured from dedicated provider assessments. The assessments are levied on hospitals, home health agencies, alternative community services, long-term care facilities and the Passport Managed Care organization. The enacted budget assumes continuation of the current level of provider tax collections to maintain existing reimbursement levels for hospitals established in state fiscal year 2006.

Disproportionate Share Hospital (DSH) Payments

The fiscal year 2008 budget includes funding for Disproportionate Share Hospital (DSH) payments of \$194,833,096 and \$195,726,569 in fiscal years 2009 and 2010. Disproportionate Share Hospital payments to state mental hospitals are budgeted at approximately \$34,457,900 in fiscal year 2008 and \$34,300,600 in each year of the biennium. This budget includes matches from the university teaching hospitals in order to access the portion of DSH funds for those facilities.

Passport Managed Care Plan

The enacted budget assumes that the Region Three Medicaid managed care partnership (Jefferson and surrounding counties) will continue to operate.

Benefit Match Rate

The enacted budget assumes a federal medical assistance percentage of 70.02 percent for state fiscal year 2009 and 70.10 percent for state fiscal year 2010. The federal Medicaid match rate assumed for KCHIP is 79.02 percent in fiscal year 2009 and 79.07 percent in fiscal year 2010.

Quality and Charity Care Trust Fund

To the extent that all parties agree, the General Fund appropriation of the Quality and Charity Care Trust Fund may be transferred to the Department for Medicaid Services Benefits.

Kentucky Children's Health Insurance Program (KCHIP)

The Kentucky Children's Health Insurance program was initiated under Title XXI of the Social Security Act and serves eligible children up to 200 percent of the federal poverty level.

The requested budget anticipates the continued spend-down of state funds from the "Kentucky Children's Health Insurance Program Trust Fund" as established in KRS 205.6478 and reallocated Federal Funds from other states' unspent CHIP allocations. This would carry Kentucky's CHIP program through the 2008-2010 biennium. However, as other states' CHIP programs accelerate, there will be fewer funds available for reallocation in future periods, which could leave Kentucky's CHIP program seriously underfunded in future biennia.

Policy

The Governor's recommended budget provides additional funds totaling \$2,700,000 (50 slots) in fiscal year 2009 and \$6,400,000 (50 slots) in fiscal year 2010 for a total of 100 slots by the end of fiscal year 2010 to continue the roll-out of the Supports for Community Living program.

The Governor's recommended budget provides additional funds totaling \$6,500,000 (50 slots) in fiscal year 2009 and \$18,750,000 (100 slots) in fiscal year 2010 for a total of 150 slots by the end of fiscal year 2010 for the Acquired Brain Injury Long-term Care Waiver.

The Governor's recommended budget provides additional funds totaling \$17,500,000 in fiscal year 2009 and \$17,500,000 in fiscal year 2010 for services provided under the Michelle P Waiver.

The Governor's recommendation includes a current year General Fund appropriation of \$112,000,000, an additional Restricted Fund appropriation of \$5,821,700, and an additional Federal Fund appropriation of \$185,455,300.

Health and Family Services
Mental Health and Mental Retardation Services

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	194,117,600	256,610,800	267,842,200	183,055,400	184,097,500
Current Year Appropriation	4,409,600				
Salary Compensation Fund	1,154,100				
Total General Fund	199,681,300	256,610,800	267,842,200	183,055,400	184,097,500
Tobacco Settlement-Phase I					
Tobacco Settlement - I	800,000	975,000	975,000	975,000	975,000
Continuing Appropriation	113,300				
Total Tobacco Settlement-Phase I	913,300	975,000	975,000	975,000	975,000
Restricted Funds					
Balance Forward	1,252,400				
Current Receipts	207,217,100	219,489,500	221,349,800	219,489,500	221,349,800
Non-Revenue Receipts	7,392,000	8,982,100	9,432,500	8,355,100	8,355,100
Total Restricted Funds	215,861,500	228,471,600	230,782,300	227,844,600	229,704,900
Federal Funds					
Balance Forward	24,800				
Current Receipts	45,890,800	44,169,000	41,561,600	43,120,600	39,920,600
Total Federal Funds	45,915,600	44,169,000	41,561,600	43,120,600	39,920,600
TOTAL SOURCE OF FUNDS	462,371,700	530,226,400	541,161,100	454,995,600	454,698,000
EXPENDITURES BY CLASS					
Personnel Cost	120,859,600	144,144,100	149,915,800	111,880,300	112,027,500
Operating Expenses	21,402,800	21,501,900	21,576,800	21,088,000	21,088,000
Grants, Loans or Benefits	319,894,300	364,466,400	369,554,500	321,913,300	320,672,500
Debt Service	101,000				796,000
Capital Outlay	114,000	114,000	114,000	114,000	114,000
TOTAL EXPENDITURES	462,371,700	530,226,400	541,161,100	454,995,600	454,698,000
EXPENDITURES BY FUND SOURCE					
General Fund	199,681,300	256,610,800	267,842,200	183,055,400	184,097,500
Tobacco Settlement-Phase I	913,300	975,000	975,000	975,000	975,000
Restricted Funds	215,861,500	228,471,600	230,782,300	227,844,600	229,704,900
Federal Funds	45,915,600	44,169,000	41,561,600	43,120,600	39,920,600
TOTAL EXPENDITURES	462,371,700	530,226,400	541,161,100	454,995,600	454,698,000
EXPENDITURES BY UNIT					
Community Mental Health and Substance Abuse Services	120,168,500	124,844,600	121,890,900	112,208,300	109,066,300
Community Mental Retardation Services	34,734,300	40,551,200	44,282,400	30,992,200	30,992,200
General Mental Health/Mental Retardation Support	30,013,100	40,376,500	45,534,800	26,009,100	26,098,300
Residential Mental Health/Mental Retardation	277,455,800	324,454,100	329,453,000	285,786,000	288,541,200
TOTAL EXPENDITURES	462,371,700	530,226,400	541,161,100	454,995,600	454,698,000

The Department for Mental Health/Mental Retardation Services operates mental health, mental retardation, substance abuse,

developmental disability, and brain injury programs. Services are provided in the community and in state-owned, state-operated and contracted residential facilities. Approximately 1,300 inpatients are cared for daily in the facilities operated or contracted by the cabinet, and several thousand more are treated as outpatients in the community setting by the 14 Regional Mental Health and Mental Retardation Boards.

**Health and Family Services
Mental Health and Mental Retardation Services
Community Mental Health & Substance Abuse Services**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	47,940,600	54,636,400	54,870,000	42,033,700	42,091,700
Total General Fund	47,940,600	54,636,400	54,870,000	42,033,700	42,091,700
Tobacco Settlement-Phase I					
Tobacco Settlement - I	800,000	975,000	975,000	975,000	975,000
Continuing Appropriation	113,300				
Total Tobacco Settlement-Phase I	913,300	975,000	975,000	975,000	975,000
Restricted Funds					
Balance Forward	1,218,700				
Current Receipts	24,751,400	24,966,600	24,966,600	24,966,600	24,966,600
Non-Revenue Receipts	4,634,800	5,647,300	5,650,800	5,638,300	5,638,300
Total Restricted Funds	30,604,900	30,613,900	30,617,400	30,604,900	30,604,900
Federal Funds					
Balance Forward	24,800				
Current Receipts	40,684,900	38,619,300	35,428,500	38,594,700	35,394,700
Total Federal Funds	40,709,700	38,619,300	35,428,500	38,594,700	35,394,700
TOTAL SOURCE OF FUNDS	120,168,500	124,844,600	121,890,900	112,208,300	109,066,300
EXPENDITURES BY CLASS					
Personnel Cost	6,148,200	6,905,700	7,152,000	5,641,900	5,699,900
Operating Expenses	454,400	454,400	454,400	163,100	163,100
Grants, Loans or Benefits	113,565,900	117,484,500	114,284,500	106,403,300	103,203,300
TOTAL EXPENDITURES	120,168,500	124,844,600	121,890,900	112,208,300	109,066,300
EXPENDITURES BY FUND SOURCE					
General Fund	47,940,600	54,636,400	54,870,000	42,033,700	42,091,700
Tobacco Settlement-Phase I	913,300	975,000	975,000	975,000	975,000
Restricted Funds	30,604,900	30,613,900	30,617,400	30,604,900	30,604,900
Federal Funds	40,709,700	38,619,300	35,428,500	38,594,700	35,394,700
TOTAL EXPENDITURES	120,168,500	124,844,600	121,890,900	112,208,300	109,066,300

Community Mental Health Services

The Community Mental Health Services program provides services and support to Kentuckians with mental health problems in an effort to improve their ability to function in the community. The Department for Mental Health and Mental Retardation Services contracts with 14 regional Mental Health/Mental Retardation Boards that oversee the community mental health centers and other local entities. In addition, the Community Mental Health Services program has targeted funds to the most vulnerable. These are:

- Adults with severe mental illness (KRS 210, KRS 202A),
- Children and youth with severe emotional disabilities (KRS 200.500 to KRS 200.509), and
- Persons with acquired traumatic brain injury (KRS 211.470 to KRS 211.478).

In accordance with KRS 210.410, community mental health centers must provide persons suffering from mental health

problems with specific services such as: consultation and educational services to help individuals understand their illnesses and treatment options; therapeutic rehabilitation programs, where individuals with mental illness may receive services to assist them to live independently within the community; outpatient services; emergency services; and inpatient services, which are generally made available through referrals to state or community hospitals.

State and federal funds are used to provide case management services, psychotropic medications, housing, and vocational support services for adults with severe mental illness. Funds are also provided for unique services that “wrap around” a child or adult who is at risk of psychiatric hospitalization. These funds are used to purchase goods and services that are individualized and can include peer mentoring, respite, and social skills training.

The Community Mental Health program assists in statewide mental health planning, monitors services, provides technical assistance and training, and procures and administers federal and other funds for the mental health community.

Community Alcohol and Drug Services

The Community Alcohol and Drug Services Program provides quality treatment, prevention, and education services to citizens suffering from, or at-risk of, alcohol and drug addiction. Services are provided primarily through contracts with 14 regional Mental Health/Mental Retardation Boards that oversee the Community Mental Health Centers. These substance abuse prevention and treatment services are provided pursuant to KRS 222 (Alcohol and Drug Education, Treatment, and Rehabilitation). The receipts from alcohol intoxication fines are received pursuant to KRS 431.100. Other statutes under which the program operates include: KRS 189A (Driving Under the Influence assessment, education, and treatment) and KRS 218A.410 (Drug Forfeiture).

The Department contracts with community mental health centers and their subcontractors, schools, local government agencies, and other community-based organizations to provide services which include: community prevention programming (offered through 14 regional prevention centers); juvenile diversion programs; DUI assessment, education, and treatment programs; consultation with businesses on the development of a drug-free work place and employee assistance programs; social setting detoxification centers, residential treatment centers, outpatient treatment, and case management services; and specialized treatment services for pregnant women, women with dependent children, adolescents, and intravenous drug users. In addition, opiate replacement therapy is available to opiate dependent persons who are at high risk for HIV/AIDS due to their intravenous drug use. Training, consultation and client evaluations are made available, within budget limitations, to criminal justice agencies and other agencies within the Cabinet for Health and Family Services for clients with alcohol and other drug problems.

Health and Family Services
Mental Health and Mental Retardation Services
Community Mental Retardation Services

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	27,843,700	32,243,800	34,944,700	24,326,600	24,326,600
Total General Fund	27,843,700	32,243,800	34,944,700	24,326,600	24,326,600
Restricted Funds					
Balance Forward	15,800				
Current Receipts	22,900	22,900	22,900	22,900	22,900
Non-Revenue Receipts	2,757,200	3,334,800	3,781,700	2,716,800	2,716,800
Total Restricted Funds	2,795,900	3,357,700	3,804,600	2,739,700	2,739,700
Federal Funds					
Current Receipts	4,094,700	4,949,700	5,533,100	3,925,900	3,925,900
Total Federal Funds	4,094,700	4,949,700	5,533,100	3,925,900	3,925,900
TOTAL SOURCE OF FUNDS	34,734,300	40,551,200	44,282,400	30,992,200	30,992,200
EXPENDITURES BY CLASS					
Personnel Cost	4,647,600	5,294,000	5,536,000	4,284,800	4,284,800
Operating Expenses	686,900	759,500	810,600	663,400	663,400
Grants, Loans or Benefits	29,399,800	34,497,700	37,935,800	26,044,000	26,044,000
TOTAL EXPENDITURES	34,734,300	40,551,200	44,282,400	30,992,200	30,992,200
EXPENDITURES BY FUND SOURCE					
General Fund	27,843,700	32,243,800	34,944,700	24,326,600	24,326,600
Restricted Funds	2,795,900	3,357,700	3,804,600	2,739,700	2,739,700
Federal Funds	4,094,700	4,949,700	5,533,100	3,925,900	3,925,900
TOTAL EXPENDITURES	34,734,300	40,551,200	44,282,400	30,992,200	30,992,200

Community Mental Retardation Services provides support and services to individuals with mental retardation and other developmental disabilities to help them live well within the greater community. Services are provided through contracts with the 14 Community Mental Health/Mental Retardation Boards, and with for-profit and non-profit agencies which provide residential services, vocational training, and social support. Some of the residential services include support to family homes, group home placement, apartment living supervision, residence staffing, and help with other living arrangements. Individuals with disabilities have additional opportunities for self-determination through Supported Living grants, which help them to live as independently as possible in their homes and participate in the community to the fullest extent possible.

The Kentucky Council on Developmental Disabilities is administratively attached to Community Mental Retardation Services. The Council is made up of 26 members and includes consumers, parents, and local agency representatives appointed by the Governor (PL 106-402 and KRS 194.135). The Council promotes systems change, capacity building and advocacy for people with developmental disabilities. The Council on Developmental Disabilities represents the interests of approximately 122,000 Kentuckians who have developmental disabilities. The Council funds time-limited demonstration projects and engages in outreach activities to assist individuals with developmental disabilities and their families.

**Health and Family Services
Mental Health and Mental Retardation Services
General Mental Health/Mental Retardation Support**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	29,870,900	40,376,500	45,534,800	26,009,100	26,098,300
Total General Fund	29,870,900	40,376,500	45,534,800	26,009,100	26,098,300
Federal Funds					
Current Receipts	142,200				
Total Federal Funds	142,200				
TOTAL SOURCE OF FUNDS	30,013,100	40,376,500	45,534,800	26,009,100	26,098,300
EXPENDITURES BY CLASS					
Personnel Cost	3,346,600	4,185,400	4,493,700	2,666,500	2,755,700
Operating Expenses	650,200	650,200	650,200	650,200	650,200
Grants, Loans or Benefits	26,016,300	35,540,900	40,390,900	22,692,400	22,692,400
TOTAL EXPENDITURES	30,013,100	40,376,500	45,534,800	26,009,100	26,098,300
EXPENDITURES BY FUND SOURCE					
General Fund	29,870,900	40,376,500	45,534,800	26,009,100	26,098,300
Federal Funds	142,200				
TOTAL EXPENDITURES	30,013,100	40,376,500	45,534,800	26,009,100	26,098,300

General Mental Health/Mental Retardation Support includes the Commissioner's Office, the Division of Administration and Financial Management, and Community Care Grants. This unit's activities include policy and budget development, program monitoring, standards development, and management decision-making for the overall direction of the Department. The Department contracts with the University of Kentucky for technical and information support services.

The Community Care Grants provide the funding for the "safety net" for individuals needing mental health, mental retardation, substance abuse services, and the infrastructure that supports and provides these services. Kentucky Revised Statute 210.420 sets the distribution formula for these funds to local community mental health centers. Local boards determine which program areas and which services will be funded based on local needs.

Health and Family Services
Mental Health and Mental Retardation Services
Residential Mental Health/Mental Retardation

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	88,462,400	129,354,100	132,492,700	90,686,000	91,580,900
Current Year Appropriation	4,409,600				
Salary Compensation Fund	1,154,100				
Total General Fund	94,026,100	129,354,100	132,492,700	90,686,000	91,580,900
Restricted Funds					
Balance Forward	17,900				
Current Receipts	182,442,800	194,500,000	196,360,300	194,500,000	196,360,300
Total Restricted Funds	182,460,700	194,500,000	196,360,300	194,500,000	196,360,300
Federal Funds					
Current Receipts	969,000	600,000	600,000	600,000	600,000
Total Federal Funds	969,000	600,000	600,000	600,000	600,000
TOTAL SOURCE OF FUNDS	277,455,800	324,454,100	329,453,000	285,786,000	288,541,200
EXPENDITURES BY CLASS					
Personnel Cost	106,717,200	127,759,000	132,734,100	99,287,100	99,287,100
Operating Expenses	19,611,300	19,637,800	19,661,600	19,611,300	19,611,300
Grants, Loans or Benefits	150,912,300	176,943,300	176,943,300	166,773,600	168,732,800
Debt Service	101,000				796,000
Capital Outlay	114,000	114,000	114,000	114,000	114,000
TOTAL EXPENDITURES	277,455,800	324,454,100	329,453,000	285,786,000	288,541,200
EXPENDITURES BY FUND SOURCE					
General Fund	94,026,100	129,354,100	132,492,700	90,686,000	91,580,900
Restricted Funds	182,460,700	194,500,000	196,360,300	194,500,000	196,360,300
Federal Funds	969,000	600,000	600,000	600,000	600,000
TOTAL EXPENDITURES	277,455,800	324,454,100	329,453,000	285,786,000	288,541,200

Residential Mental Health/Mental Retardation Services provides residential services in the areas of psychiatric hospitalization, intermediate care for persons with mental retardation, nursing facility care, forensic psychiatry, and substance abuse. The Department provides care in this program to approximately 1,300 individuals each day.

Inpatient psychiatric services are provided for adults through three psychiatric hospitals: Eastern State Hospital in Lexington with an average daily census (ADC) of 173; Central State Hospital in Louisville with an ADC of 101; and Western State Hospital in Hopkinsville with an ADC of 135. The Hazard Psychiatric Facility, with an ADC of 94, provides acute inpatient psychiatric services through a contract with Appalachian Regional Healthcare, Inc. Eastern State Hospital is operated under a management contract with Bluegrass Regional Mental Health/Mental Retardation Board, Inc.

Glasgow Nursing Facility with an ADC of 68 and Western State Nursing Facility with an ADC of 126 provide nursing facility services for adults with mental illness who are admitted from state psychiatric hospitals.

Seven facilities provide intermediate care for individuals with mental retardation who are unable to live unassisted in their communities: the Oakwood Community Center in Somerset with an ADC of 229, Outwood in Dawson Springs with an ADC of 66, Hazelwood in Louisville with an ADC of 143, Central State Intermediate Care Facility for the Mentally Retarded on the campus of Central State Hospital with an ADC of 31, Del Maria in Fern Creek with an ADC of 8, the Meadows in Mount Washington with an ADC of 8, and Windsong in Crestwood with an ADC of 8. Residents are assisted in self-care

skills and appropriate social behavior and are provided specialized services to promote their personal growth.

Numerous initiatives are underway to improve the overall quality of service provided to the residents at the Oakwood Community Center. The cabinet has contracted with Bluegrass Regional Mental Health Mental Retardation Board, Inc. to operate the Oakwood Community Center. The vendor is making improvements in the care rendered at the facility while ensuring the safety and welfare of clients at Oakwood as the Department continues to downsize the facility.

Volta House, a facility with an ADC of 26 on the campus of Western State Hospital in Hopkinsville, provides a 28-day inpatient program for individuals suffering from chronic or acute alcoholism.

Forensic psychiatric services are provided at the Kentucky Correctional Psychiatric Center within the Luther Lockett Correctional Complex in LaGrange (85 beds). Pretrial services are provided for persons with felony charges who are referred by district and circuit courts for evaluation of competency to stand trial. The correctional component serves post-convicted females in need of acute inpatient psychiatric treatment who are transferred from various institutions within the Department of Corrections.

Policy

Included in the General Fund is \$796,000 in fiscal year 2010 for debt service to construct a new 100 bed nursing facility on the campus of the existing Glasgow State Nursing Facility.

Included in the Governor's recommended budget for fiscal year 2007-2008 is General Fund in the amount of \$4,409,600 to offset a projected deficit in the Residential Services budget.

Health and Family Services

Public Health

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	72,479,000	84,718,100	86,225,900	62,199,200	62,734,600
Budget Reduction	-1,511,100				
Salary Compensation Fund	222,500				
Base Deduction	-181,200				
Total General Fund	71,009,200	84,718,100	86,225,900	62,199,200	62,734,600
Tobacco Settlement-Phase I					
Tobacco Settlement - I	14,721,100	16,881,400	17,103,800	16,856,300	17,078,900
Continuing Appropriation	3,757,500				
Reorganization Adjustments	-2,345,600				
Other	4,417,500				
Total Tobacco Settlement-Phase I	20,550,500	16,881,400	17,103,800	16,856,300	17,078,900
Restricted Funds					
Balance Forward	3,737,700	2,880,900	2,820,400	2,630,900	2,320,400
Current Receipts	83,862,300	88,148,400	88,820,300	84,648,200	85,270,900
Non-Revenue Receipts	79,900	79,900	79,900	79,900	79,900
Fund Transfers	-3,733,900				
Total Restricted Funds	83,946,000	91,109,200	91,720,600	87,359,000	87,671,200
Federal Funds					
Current Receipts	183,976,500	185,541,300	186,153,600	184,332,900	184,604,000
Total Federal Funds	183,976,500	185,541,300	186,153,600	184,332,900	184,604,000
TOTAL SOURCE OF FUNDS	359,482,200	378,250,000	381,203,900	350,747,400	352,088,700
EXPENDITURES BY CLASS					
Personnel Cost	48,841,300	55,203,700	57,436,000	46,902,200	47,751,000
Operating Expenses	15,978,400	20,892,600	20,892,400	15,848,900	15,849,300
Grants, Loans or Benefits	291,565,600	299,333,300	299,555,100	285,675,900	285,918,000
Debt Service	466,000				
TOTAL EXPENDITURES	356,851,300	375,429,600	377,883,500	348,427,000	349,518,300
EXPENDITURES BY FUND SOURCE					
General Fund	71,009,200	84,718,100	86,225,900	62,199,200	62,734,600
Tobacco Settlement-Phase I	20,550,500	16,881,400	17,103,800	16,856,300	17,078,900
Restricted Funds	81,315,100	88,288,800	88,400,200	85,038,600	85,100,800
Federal Funds	183,976,500	185,541,300	186,153,600	184,332,900	184,604,000
TOTAL EXPENDITURES	356,851,300	375,429,600	377,883,500	348,427,000	349,518,300
EXPENDITURES BY UNIT					
General Health Support	50,860,700	52,388,100	52,681,200	44,784,500	44,886,200
Women's Physical and Mental Health	13,360,100	14,438,900	14,478,200	13,374,700	13,409,900
Prevention and Quality Improvement	15,070,700	17,055,100	17,279,200	13,930,300	14,031,100
Epidemiology and Health Planning	47,414,900	52,314,400	52,967,900	46,152,100	46,423,100
Adult and Child Health	213,392,200	219,548,600	220,141,100	213,530,400	213,882,800
Laboratory Services	6,547,900	7,243,700	7,453,900	6,476,200	6,548,100
Public Health Protection and Safety	10,204,800	12,440,800	12,882,000	10,178,800	10,337,100
TOTAL EXPENDITURES	356,851,300	375,429,600	377,883,500	348,427,000	349,518,300

The Department for Public Health (DPH) as authorized by KRS 211.025 and 211.180 supervises and assists all local boards of health and local health departments in an effort to protect and improve the health of the citizens of the Commonwealth. There are 56 local health departments units (654 sites) serving all 120 counties in Kentucky.

The Department is responsible for programs that affect the quality of life of all four million Kentuckians each and every day. Public health organizations are accountable to the populations they serve, and public health officials are primarily responsible for the health of the population living in their jurisdiction (county, group of counties, state) through both personal preventive as well as population based services. Private health providers are primarily responsible for the health of only the patients who come to them for services.

In fiscal year 2007, the public health departments of Kentucky reported the following accomplishments:

- Provided adult health preventive visits to 205,000 people
- Provided cancer related clinical visits (primarily breast and cervical cancer) to 28,154 people
- Provided 28,172 diabetes health promotion education activities to high-risk populations
- Provided family planning services to 112,187 people
- Provided maternity services to 54,930 women
- Provided 321,430 medical home health units/visits to 8,447 patients
- Provided 168,097 units/visits of Medicaid Home and Community Based Services to 1,194 people
- Provided children's preventive services to 579,129
- Enrolled 128,319 WIC participants (Women, Infants and Children program)
- Referred 494 infants with positive or inconclusive results from newborn metabolic screening (approximately 30 disorders) to university diagnostic centers
- Performed genetic testing, counseling and education for 1,420 families
- Provided 767,080 doses of vaccine to Kentuckians. Data recently released by the Centers for Disease Control (CDC) and Prevention show that 92 percent of Kentucky's two-year-olds have received the required immunizations
- Immunized 506,740 persons
- Immunized 96 percent of kindergarten entrants adequately (50,674 children)
- Inspected 48,884 food establishments, 1,391 X-ray and other radiation-producing machines, 8,048 dairies, and performed 109,000 sanitation inspections
- Performed 2,210,884 laboratory tests
- Provided 492,269 copies of vital statistics records to the public
- Served 45,752 walk-in customers for vital statistics requests for information/certificates

The Cabinet for Health and Family Services and the Department for Public Health have relied on local health departments to carry out two important functions for the state: core public health activities required by statute or regulation, and preventive services to specific populations mandated by budget appropriations. The seven core functions are: enforcement of public health regulations, surveillance of public health, communicable disease control, public health education, public health policy development, reduction of risk to families and children, and disaster preparedness. Preventive services for specific populations include family planning, prenatal care, pediatric preventive check-ups, Women, Infants, and Children (WIC) supplemental nutrition services, adult preventive services, and chronic disease monitoring, and support services.

Local health departments may provide additional services depending on the availability of alternative revenue sources. Examples of these services include home health services, physician based ambulatory primary care services, and expanded school health services.

**Health and Family Services
Public Health
General Health Support**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	22,112,400	22,482,800	22,750,900	14,896,400	14,994,400
Budget Reduction	-1,050,000				
Salary Compensation Fund	100,000				
Total General Fund	21,162,400	22,482,800	22,750,900	14,896,400	14,994,400
Restricted Funds					
Balance Forward	127,000				
Current Receipts	30,968,300	31,162,300	31,187,300	31,145,100	31,148,800
Non-Revenue Receipts	-1,257,000	-1,257,000	-1,257,000	-1,257,000	-1,257,000
Fund Transfers	-200,000				
Total Restricted Funds	29,638,300	29,905,300	29,930,300	29,888,100	29,891,800
Federal Funds					
Current Receipts	60,000				
Total Federal Funds	60,000				
TOTAL SOURCE OF FUNDS	50,860,700	52,388,100	52,681,200	44,784,500	44,886,200
EXPENDITURES BY CLASS					
Personnel Cost	6,333,000	6,165,700	6,458,700	4,751,200	4,853,500
Operating Expenses	195,900	248,900	249,600	195,900	195,900
Grants, Loans or Benefits	43,865,800	45,973,500	45,972,900	39,837,400	39,836,800
Debt Service	466,000				
TOTAL EXPENDITURES	50,860,700	52,388,100	52,681,200	44,784,500	44,886,200
EXPENDITURES BY FUND SOURCE					
General Fund	21,162,400	22,482,800	22,750,900	14,896,400	14,994,400
Restricted Funds	29,638,300	29,905,300	29,930,300	29,888,100	29,891,800
Federal Funds	60,000				
TOTAL EXPENDITURES	50,860,700	52,388,100	52,681,200	44,784,500	44,886,200

General Health Support provides funding to two organizational units within the Department for Public Health: the Office of the Commissioner and the Division of Administration and Financial Management.

The Commissioner's Office is responsible for the leadership, management, oversight, and policy direction of the Department for Public Health. The Commissioner advises the heads of major agencies in state government on policies, plans, and programs relating to matters of public health. This includes actions necessary to respond to extraordinary events in order to safeguard the health of the citizens of the Commonwealth. The Commissioner serves as the State Health Officer for the Commonwealth. The Commissioner's role continues to expand in the statewide management of anti-terrorist (nuclear, biologic, chemical) activities and the coordination of emergency response capabilities with federal and other state agencies. The Deputy Commissioner serves as the Senior Deputy Health Officer and Chief Operating Officer (COO) of the Department. This physician position is responsible for the day-to-day operations for the Department including oversight of 100+ preventive programs.

The Chief Nurse for Public Health, located in the Commissioner's Office, provides professional consultation, support, and technical assistance to the commissioner, executive staff, and state and local health departments including approximately 1,500 nurses practicing in local health departments. The Chief Nurse helps administer the nurse-managed employee health centers in Frankfort that provide direct care, blood pressure monitoring, flu shots, health education, and HIV/AIDS and CPR classes for state employees.

The Division of Administration and Financial Management provides all resource support to the Department for Public Health. This includes approximately 381 Cabinet-level personnel and nearly 4,000 personnel represented by the 56 local health departments in all 120 counties. The Division provides all budget and accounting support, payments, grant allocation, fee collection, procurement, and contracting support. The Division develops the Department's biennial budget and oversees local health departments' fiscal planning and administrative management functions. The Division works in concert with the other divisions in the Department to plan, program, execute, manage, and report the financial activities of the Department and local health departments.

The Division is also responsible for overseeing the day-to-day operation of the 56 local health departments across the state. This responsibility includes conducting training on medical coding and billing practices, local health personnel procedures, and financial operations. Additionally, this Division has the responsibilities for personnel management; medical records and forms management, reporting of clinical and community-based services, operating the online local health network that tracks approximately 7.4 million services to 848,000 patients, policy interpretation, and the Local Board of Health nomination process. The Division is the primary liaison between the Department for Public Health and local health departments.

**Health and Family Services
Public Health
Women's Physical and Mental Health**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	3,661,300	4,714,200	4,731,400	3,650,000	3,663,100
Salary Compensation Fund	9,500				
Total General Fund	3,670,800	4,714,200	4,731,400	3,650,000	3,663,100
Tobacco Settlement-Phase I					
Tobacco Settlement - I	400,000	400,000	400,000	400,000	400,000
Continuing Appropriation	24,400				
Total Tobacco Settlement-Phase I	424,400	400,000	400,000	400,000	400,000
Restricted Funds					
Balance Forward	6,100				
Current Receipts	96,900	103,000	103,000	103,000	103,000
Total Restricted Funds	103,000	103,000	103,000	103,000	103,000
Federal Funds					
Current Receipts	9,161,900	9,221,700	9,243,800	9,221,700	9,243,800
Total Federal Funds	9,161,900	9,221,700	9,243,800	9,221,700	9,243,800
TOTAL SOURCE OF FUNDS	13,360,100	14,438,900	14,478,200	13,374,700	13,409,900
EXPENDITURES BY CLASS					
Personnel Cost	793,000	901,800	941,100	839,700	874,900
Operating Expenses	101,000	95,400	95,400	95,100	95,100
Grants, Loans or Benefits	12,466,100	13,441,700	13,441,700	12,439,900	12,439,900
TOTAL EXPENDITURES	13,360,100	14,438,900	14,478,200	13,374,700	13,409,900
EXPENDITURES BY FUND SOURCE					
General Fund	3,670,800	4,714,200	4,731,400	3,650,000	3,663,100
Tobacco Settlement-Phase I	424,400	400,000	400,000	400,000	400,000
Restricted Funds	103,000	103,000	103,000	103,000	103,000
Federal Funds	9,161,900	9,221,700	9,243,800	9,221,700	9,243,800
TOTAL EXPENDITURES	13,360,100	14,438,900	14,478,200	13,374,700	13,409,900

The mission of the Women's Physical and Mental Health Division is to provide leadership, in partnership with key stakeholders, to improve the physical, socio-emotional health, safety, and well-being of Kentucky's women, including those with low incomes, diverse ethnic or racial backgrounds, and isolated populations with limited access to care. The Division also serves to represent Kentucky to the Health Resources Service Administration (HRSA) Office of Women's Health. Programs included in the Division are as follows:

The Kentucky Women's Cancer Screening program is supported by approximately \$2.6 million of General Fund and \$2.4 million Federal Funds from the Centers for Disease Control (CDC). The program provides breast and cervical cancer screening, diagnostic, case management, and treatment referral services to reduce morbidity and mortality from breast and cervical cancer among thousands medically underserved, low income, and uninsured women in Kentucky. The federal grant requires the program to provide breast and cervical cancer screening, referrals, follow-up, and case management with rigorous data collection and evaluation elements.

The Breast Cancer Research and Education Trust Fund was created in 2005 and is funded by sale of the breast cancer

license plates. Funds collected are distributed to breast cancer affiliates through an annual RFP process. The first six grants were awarded in 2007. Projects are to support breast cancer research, education, treatment, screening, and awareness in Kentucky.

The Folic Acid Counseling and Supplementation program services are provided in every health department (120) in Kentucky and six sub-delegates, which include three university clinic sites, Bluegrass Farm Workers, and Planned Parenthoods in Lexington and Louisville. Research has shown that when women consume adequate folic acid, the incidence of neural tube defects such as spina bifida can be decreased by as much as 70%. Since the inception of this program, the number of neural tube defects in infants in Kentucky has declined. The Folic Acid program has been funded by Tobacco Settlement funds.

The Abstinence Education Program offers adolescent abstinence-only education programs throughout the state. The goal of this federal program is to lower teen pregnancy in Kentucky by teaching values with community support through a Positive Youth Development approach, which suggests that the best way to prevent involvement in risky behavior (sexual activity and pregnancy in teens) is to help adolescents achieve their full potential. The U.S. Congress did not reauthorize Title V Section 510B funding legislation on several occasions but have maintained the program on quarterly emergency extensions. The program is currently approved with an extension to 6/30/08. An estimated total of 55,000 adolescents aged 10-19 through school and community-based abstinence education initiatives are served annually in KY, and teen births have decreased.

The Family Planning program plays a critical role in ensuring access to voluntary confidential family planning services. Charges to participants will be at no cost or at a reduced cost for families between 100 percent and 250 percent of the most recent federal Income Poverty Guidelines. The program provides preventative and reproductive services to 112,000 Kentucky women in need, and assisted 241,290 Kentucky women with contraceptives. Family Planning services are currently offered in 162 delegate local health departments and eight sub-delegate clinics targeting special populations (i.e. males, Hispanics, and adolescents).

**Health and Family Services
Public Health
Prevention and Quality Improvement**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	9,307,700	11,126,200	11,279,000	8,091,200	8,156,800
Salary Compensation Fund	17,100				
Total General Fund	9,324,800	11,126,200	11,279,000	8,091,200	8,156,800
Tobacco Settlement-Phase I					
Tobacco Settlement - I	2,345,600				
Reorganization Adjustments	-2,345,600				
Total Tobacco Settlement-Phase I					
Restricted Funds					
Balance Forward	26,100				
Current Receipts	2,333,900	2,411,500	2,431,600	2,411,500	2,431,600
Total Restricted Funds	2,360,000	2,411,500	2,431,600	2,411,500	2,431,600
Federal Funds					
Current Receipts	3,385,900	3,517,400	3,568,600	3,427,600	3,442,700
Total Federal Funds	3,385,900	3,517,400	3,568,600	3,427,600	3,442,700
TOTAL SOURCE OF FUNDS	15,070,700	17,055,100	17,279,200	13,930,300	14,031,100
EXPENDITURES BY CLASS					
Personnel Cost	3,210,100	3,812,800	4,036,900	2,858,100	2,938,800
Operating Expenses	233,200	231,400	231,400	226,600	226,600
Grants, Loans or Benefits	11,627,400	13,010,900	13,010,900	10,845,600	10,865,700
TOTAL EXPENDITURES	15,070,700	17,055,100	17,279,200	13,930,300	14,031,100
EXPENDITURES BY FUND SOURCE					
General Fund	9,324,800	11,126,200	11,279,000	8,091,200	8,156,800
Restricted Funds	2,360,000	2,411,500	2,431,600	2,411,500	2,431,600
Federal Funds	3,385,900	3,517,400	3,568,600	3,427,600	3,442,700
TOTAL EXPENDITURES	15,070,700	17,055,100	17,279,200	13,930,300	14,031,100

The Division of Prevention and Quality Improvement is comprised of four branches which include: Chronic Disease Prevention, Health Care Access, Education and Workforce Development and Public Health Improvement Branch.

The mission of the Prevention and Quality Improvement program is to deliver programs and services, including chronic disease management, clinical and community education/promotion, quality improvement, employee health, health access for low income Kentuckians, staff education/development, and health risk behavior data analysis in order to promote more healthy behaviors by Kentuckians. The Division's activities cover the spectrum of population-based and personal preventive health services.

The Chronic Disease Prevention and Control program is responsible for decreasing the morbidity and mortality from chronic diseases. Emphasis is on prevention and risk factors that can be reduced through healthy lifestyles. Prevention programs include asthma, arthritis, cardiovascular health, comprehensive cancer, diabetes, osteoporosis and health promotion. The program provides funding to local health departments for community-based services aimed at individuals and at bringing about policy and environmental changes that will improve the health status of Kentuckians.

A goal of the Kentucky Diabetes Prevention and Control program is to reduce the incidence rate for diabetes and to reduce the complications of those with this chronic disease. Six "Diabetes Centers of Excellence" were added in fiscal year 2007 to help persons with diabetes better manage their disease.

The primary goal of the Behavioral Risk Factor Surveillance System is to collect, analyze, and interpret locally relevant data on risk behaviors and preventive health measures for use in planning, implementing and measuring the progress of the Department's risk-reduction programs, and for developing policies and legislation.

The Education and Workforce Development Branch coordinates all training programs, workshops, courses, and seminar conferences. The Branch has, by leveraging technology and managing the Department's learning management system, known as the TrainingFinder Real-time Affiliate Integrated Network (TRAIN), seen a significant increase in the number of staff participating in on-line module learning and satellite programming. Responsible for ensuring a well-trained competent workforce at the state and local level, the Branch has set in place an electronic process for continuing education. The branch delivers training by means of the web, satellite and video conferencing.

The Health Care Access program provides focus on primary care and the administration of federal grants and programs relative to primary care. Through these programs, approximately 150 additional physicians are serving Kentucky's medically underserved population. The Program is responsible for determining areas of Kentucky that meet Health Professional Shortage Area criteria and Medically Underserved Area criteria.

The Public Health Improvement program is responsible for the publication and maintenance of the Public Health Practice Reference. These documents are critical to help local health departments provide clinical and health education/promotion activities. The program seeks to strengthen and improve the quality of the practice of public health to include but not limited to the implementation of policies that assure the system can fulfill the role of protecting the safety and health of Kentuckians. The employee health service of the Program provides health care via employee health centers in Frankfort, Kentucky.

The Division will work with the other divisions within the Department for Public Health, local health departments, and other public health system participants in the areas of continuous quality/performance improvement, strategic planning and accreditation.

Health and Family Services
Public Health
Epidemiology and Health Planning

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	5,604,700	10,819,800	11,151,800	4,991,000	5,035,000
Budget Reduction	-411,100				
Total General Fund	5,193,600	10,819,800	11,151,800	4,991,000	5,035,000
Tobacco Settlement-Phase I					
Tobacco Settlement - I	1,750,000	2,313,400	2,313,400	2,313,400	2,313,400
Continuing Appropriation	268,000				
Other	500,000				
Total Tobacco Settlement-Phase I	2,518,000	2,313,400	2,313,400	2,313,400	2,313,400
Restricted Funds					
Balance Forward	1,820,400	2,328,800	2,820,400	2,078,800	2,320,400
Current Receipts	4,488,400	4,489,200	4,504,300	4,489,200	4,504,300
Non-Revenue Receipts	-274,800	-274,800	-274,800	-274,800	-274,800
Total Restricted Funds	6,034,000	6,543,200	7,049,900	6,293,200	6,549,900
Federal Funds					
Current Receipts	35,748,100	35,458,400	35,773,200	34,874,900	35,095,200
Total Federal Funds	35,748,100	35,458,400	35,773,200	34,874,900	35,095,200
TOTAL SOURCE OF FUNDS	49,493,700	55,134,800	56,288,300	48,472,500	48,993,500
EXPENDITURES BY CLASS					
Personnel Cost	18,727,600	20,659,900	21,314,000	18,876,700	19,148,300
Operating Expenses	9,855,500	14,314,800	14,314,200	9,513,900	9,513,300
Grants, Loans or Benefits	18,831,800	17,339,700	17,339,700	17,761,500	17,761,500
TOTAL EXPENDITURES	47,414,900	52,314,400	52,967,900	46,152,100	46,423,100
EXPENDITURES BY FUND SOURCE					
General Fund	5,193,600	10,819,800	11,151,800	4,991,000	5,035,000
Tobacco Settlement-Phase I	2,518,000	2,313,400	2,313,400	2,313,400	2,313,400
Restricted Funds	3,955,200	3,722,800	3,729,500	3,972,800	3,979,500
Federal Funds	35,748,100	35,458,400	35,773,200	34,874,900	35,095,200
TOTAL EXPENDITURES	47,414,900	52,314,400	52,967,900	46,152,100	46,423,100

The mission of the Epidemiology and Health Planning program is to assess the occurrence of, and risk factors for, preventable and reportable diseases and injuries in the Commonwealth; to develop health policies related to the Division's and Department's objectives; to prepare for public health threats; to collect, safeguard, and report vital event records; and to assure the provision of core public health services. To discharge these responsibilities, the Division conducts activities in five areas:

- Communicable Disease, which includes immunizations, sexually transmitted diseases, tuberculosis (TB), and other communicable diseases,
- HIV/AIDS, which includes prevention activities, services, and surveillance for HIV/AIDS,
- Surveillance and Health Data, which includes reportable disease surveillance, emerging infections, health status and health risk factor studies, injury epidemiology, and the collection and analysis of data relating to community health systems planning and development,
- Vital Statistics, which collects and preserves mandatory records of all vital events including births, deaths, marriages, and divorces, and

- Public Health Preparedness, which includes the development, implementation, and exercising of statewide emergency preparedness plans for both terrorist (nuclear, biologic, chemical) threats as well as naturally occurring disease outbreaks.

Epidemiology and Health Planning makes financial support and vaccines available to local health departments and other providers for the provision of over one million immunizations each year (more in years when outbreaks occur) to about 400,000 persons. Immunization rates in schools, day care, health department clinics, and among the general child population are tracked. The Tuberculosis Control program reduces the number of cases and deaths due to tuberculosis by preventing non-infected individuals from becoming infected, keeping those infected without disease from progressing to disease, and by rendering infected individuals with disease non-infectious. Kentucky's TB case rate remains below the national average. Sexually transmitted disease and other communicable disease control assistance and consultation are provided across the Commonwealth as required.

Epidemiology and Health Planning is the designated State Center for Health Statistics. The Health Data and Vital Statistics program is responsible for the collection, analysis, and dissemination of health data from many sources to policy makers, health planners and consumers with the goal of developing policy that will improve the health of the population and ensure access to (and the benefit of) public health services to all Kentuckians. The maintenance of all vital records (birth, death, marriage, and divorce certificates) and the response to all requests for vital statistics data are also carried out by this program.

Epidemiology and Health Planning is partially funded through federal emergency preparedness and response to bioterrorism grants and has the responsibility of developing, coordinating, and overseeing the public health response to terrorism (nuclear, biologic, chemical). These funds are used to prepare the Commonwealth for disease outbreaks and other public health threats, increase the integration of local public health system assets, upgrade the State Laboratory to the capacity required by the Centers for Disease Control and Prevention, and provide hospitals across the state with funding to ensure preparedness for events attributable to terrorism.

**Health and Family Services
Public Health
Adult and Child Health**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	24,609,300	25,727,300	25,869,700	23,625,900	23,745,000
Budget Reduction	-50,000				
Base Deduction	-55,200				
Total General Fund	24,504,100	25,727,300	25,869,700	23,625,900	23,745,000
Tobacco Settlement-Phase I					
Tobacco Settlement - I	10,225,500	14,168,000	14,390,400	14,142,900	14,365,500
Continuing Appropriation	3,465,100				
Other	3,917,500				
Total Tobacco Settlement-Phase I	17,608,100	14,168,000	14,390,400	14,142,900	14,365,500
Restricted Funds					
Balance Forward	1,362,500	394,700		394,700	
Current Receipts	37,335,500	41,219,300	41,657,500	37,770,500	38,165,200
Non-Revenue Receipts	2,111,700	2,111,700	2,111,700	2,111,700	2,111,700
Fund Transfers	-3,439,300				
Total Restricted Funds	37,370,400	43,725,700	43,769,200	40,276,900	40,276,900
Federal Funds					
Current Receipts	134,304,300	135,927,600	136,111,800	135,484,700	135,495,400
Total Federal Funds	134,304,300	135,927,600	136,111,800	135,484,700	135,495,400
TOTAL SOURCE OF FUNDS	213,786,900	219,548,600	220,141,100	213,530,400	213,882,800
EXPENDITURES BY CLASS					
Personnel Cost	12,113,600	13,168,800	13,539,200	11,982,200	12,112,300
Operating Expenses	488,400	734,800	734,500	677,200	676,900
Grants, Loans or Benefits	200,790,200	205,645,000	205,867,400	200,871,000	201,093,600
TOTAL EXPENDITURES	213,392,200	219,548,600	220,141,100	213,530,400	213,882,800
EXPENDITURES BY FUND SOURCE					
General Fund	24,504,100	25,727,300	25,869,700	23,625,900	23,745,000
Tobacco Settlement-Phase I	17,608,100	14,168,000	14,390,400	14,142,900	14,365,500
Restricted Funds	36,975,700	43,725,700	43,769,200	40,276,900	40,276,900
Federal Funds	134,304,300	135,927,600	136,111,800	135,484,700	135,495,400
TOTAL EXPENDITURES	213,392,200	219,548,600	220,141,100	213,530,400	213,882,800

The Adult and Child Health Improvement Program promotes and safeguards the health of all Kentuckians, as well as helps them achieve the highest level of health and wellness possible. Its activities include public health education, nutrition, injury prevention, coordinated school health, perinatal care, early childhood intervention and promotion, well child care, oral health and selected primary and preventive care activities.

The Maternal and Child Health subprogram provides oversight to the services and activities which focus on these populations, including prenatal, child, and adolescent preventive health; lead poisoning prevention; child fatality and injury prevention; oral health; and coordinated school health. These services and activities help to improve quality of life and provide positive health outcomes.

Early childhood development legislation, passed by the 2000 General Assembly, requires the Early Childhood Development subprogram to provide early childhood initiatives such as home visitation (Healthy Access Nurturing Development Services or

HANDS), childcare consultation (Healthy Start in Child Care), and early childhood mental health services for children. The Early Childhood Development subprogram also identifies children in Kentucky at-risk for serious medical conditions and developmental delays through the newborn metabolic screening program and Kentucky Birth Surveillance Registry (KBSR).

First Steps (Kentucky Early Intervention System) provides case management developmental services, physical therapy, occupational therapy, speech therapy, hearing and vision services, health and diagnostic services, and nursing and nutrition services to infants and toddlers between birth and three years of age with developmental disabilities or developmental delays (approximately 10,000 children). First Steps services are provided in the home or other community setting, unless it is not feasible to do so, and are subject to a sliding fee scale unless the family has documented an inability to pay. Families and other interested parties access the First Steps program locally through 15 system Points of Entry covering the 15 Area Development Districts (ADDs).

The Nutrition subprogram administers the Special Supplemental Nutrition Program for Women, Infants and Children (WIC); the Nutrition Program; the Breastfeeding Peer Counselor Program; and the Obesity, Nutrition, and Physical Activity Grant.

**Health and Family Services
Public Health
Laboratory Services**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	4,050,000	4,605,000	4,807,900	3,928,600	4,000,500
Base Deduction	-71,600				
Total General Fund	3,978,400	4,605,000	4,807,900	3,928,600	4,000,500
Restricted Funds					
Balance Forward	259,700	92,000		92,000	
Current Receipts	2,951,800	3,046,700	3,146,000	2,955,600	3,047,600
Non-Revenue Receipts	-500,000	-500,000	-500,000	-500,000	-500,000
Fund Transfers	-50,000				
Total Restricted Funds	2,661,500	2,638,700	2,646,000	2,547,600	2,547,600
TOTAL SOURCE OF FUNDS	6,639,900	7,243,700	7,453,900	6,476,200	6,548,100
EXPENDITURES BY CLASS					
Personnel Cost	2,598,900	3,241,100	3,451,300	2,493,700	2,565,600
Operating Expenses	3,794,300	3,846,900	3,846,900	3,828,800	3,828,800
Grants, Loans or Benefits	154,700	155,700	155,700	153,700	153,700
TOTAL EXPENDITURES	6,547,900	7,243,700	7,453,900	6,476,200	6,548,100
EXPENDITURES BY FUND SOURCE					
General Fund	3,978,400	4,605,000	4,807,900	3,928,600	4,000,500
Restricted Funds	2,569,500	2,638,700	2,646,000	2,547,600	2,547,600
TOTAL EXPENDITURES	6,547,900	7,243,700	7,453,900	6,476,200	6,548,100

The Laboratory Services program provides essential examinations of clinical and environmental specimens required to support other state programs and local health department programs. The laboratory performs reference diagnostic testing not typically performed by private sector laboratories. Examples of testing performed by Laboratory Services are: testing for newborn metabolic heritable and genetic disorders, sexually transmitted diseases, TB, West Nile, SARS, rabies, influenza subtyping, bioterrorism, and select agents; environmental samples for water fluoride levels; milk, food, and water for evidence of contamination; pesticide analyses; and occupational safety and health chemistry.

The State Laboratory is a certified high complexity laboratory, which requires it to meet the most stringent federal requirements for quality assurance, quality control, and personnel qualifications. The program is responsible for approximately 210 local health department sites licensed on multiple-site certificates under Clinical Laboratory Improvement Act (CLIA). The program's staff provides technical direction, training sessions, on-site consultations, procedure manuals, forms for documentation, and other necessary tools.

Laboratory Services performs tests for patients in the Department for Mental Health and Mental Retardation Services' facilities, local health departments, hospitals, clinics, doctor's offices, and provides occupational health chemistry analysis for the Kentucky Occupational Safety and Health Program.

General Fund support is the primary source of funding for Laboratory Services. Other funds are received from federal grants, newborn metabolic screening fees, and a cooperative agreement with OSHA.

Health and Family Services
Public Health
Public Health Protection and Safety

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	3,133,600	5,242,800	5,635,200	3,016,100	3,139,800
Salary Compensation Fund	95,900				
Base Deduction	-54,400				
Total General Fund	3,175,100	5,242,800	5,635,200	3,016,100	3,139,800
Restricted Funds					
Balance Forward	135,900	65,400		65,400	
Current Receipts	5,687,500	5,716,400	5,790,600	5,773,300	5,870,400
Fund Transfers	-44,600				
Total Restricted Funds	5,778,800	5,781,800	5,790,600	5,838,700	5,870,400
Federal Funds					
Current Receipts	1,316,300	1,416,200	1,456,200	1,324,000	1,326,900
Total Federal Funds	1,316,300	1,416,200	1,456,200	1,324,000	1,326,900
TOTAL SOURCE OF FUNDS	10,270,200	12,440,800	12,882,000	10,178,800	10,337,100
EXPENDITURES BY CLASS					
Personnel Cost	5,065,100	7,253,600	7,694,800	5,100,600	5,257,600
Operating Expenses	1,310,100	1,420,400	1,420,400	1,311,400	1,312,700
Grants, Loans or Benefits	3,829,600	3,766,800	3,766,800	3,766,800	3,766,800
TOTAL EXPENDITURES	10,204,800	12,440,800	12,882,000	10,178,800	10,337,100
EXPENDITURES BY FUND SOURCE					
General Fund	3,175,100	5,242,800	5,635,200	3,016,100	3,139,800
Restricted Funds	5,713,400	5,781,800	5,790,600	5,838,700	5,870,400
Federal Funds	1,316,300	1,416,200	1,456,200	1,324,000	1,326,900
TOTAL EXPENDITURES	10,204,800	12,440,800	12,882,000	10,178,800	10,337,100

The Public Health Protection and Safety Program provides a variety of environmental services, from monitoring exposure to radiation to ensuring sanitation of food, milk, and public facilities. This division provides consultation and guidance to some 500 local health department environmental-public health specialists/registered sanitarians, and provides regulatory oversight to many of Kentucky's businesses. The Division mission statement is: promoting a healthier, safer public through prevention, education, communication, and regulation.

The Radiation program inspects and issues over 675 specific licenses to users of radioactive materials, and registers and inspects over 200 users of radiation sources. The program monitors the transportation of radioactive waste, within and through the Commonwealth, and is mandated and equipped to respond to radiological emergencies 24 hours per day. The program registers and inspects 4,008 facilities with 9,415 X-Ray tubes, conducts reviews and inspects approximately 164 mammography facilities and shielding plans for facilities, and issues certificates and inspects approximately 5,600 operators of sources of radiation. The program monitors Paducah Gaseous Diffusion Plant and monitors nuclear waste disposal sites (such as Maxey Flats) along with the Environmental and Public Protection Cabinet.

The Milk Safety program inspects dairy farms, dairy plants, transfer and hauler facilities, and milk processors, conducting 8,048 inspections of 1,900 dairies annually. The program provides safety education to milk haulers, pasteurization equipment operators and other industry professionals. The program investigates complaints, responds to federal Food & Drug Administration notices regarding dairy recalls or events, and serves as a first responder for dairy industry events.

The Food Safety program is responsible for overseeing Kentucky's multi-billion dollar food industry. The program trains

local health department employees who inspect food service establishments, retail food stores, vending machine companies, tattoo studios, body piercing facilities, boarding homes, tanning facilities, and bed and breakfast establishments. The program oversees food manufacturing and storage programs and the farmer's market program compliance. The program collects representative samples from the state's raw agricultural producers and fish markets to test for pesticide residues and other contaminants. The Food Safety program also oversees quarantines and the destruction of food, drugs, and alcohol which have been contaminated by disasters such as floods.

The Sanitation program establishes sanitary and safety standards for the construction and operation of public facilities including regulatory oversight for the sanitary operation of public pools, public restrooms, hotels/motels, state confinement facilities, schools, mobile home parks, day camps, and many other public facilities for 7,200 permitted facilities and 5,000 onsite installers. The program oversees construction of onsite sewage disposal systems for new homes not on city sewers and trains and certifies inspectors and operators. The program manages the state Consumer Product Safety program and Radon Mitigation program. The program responds to public health complaints related to dog bites, septic systems, pool malfunctions, recreational lake health issues, and other environmental health issues. The program has approximately 109,000 reported activities annually and responds to over 13,000 nuisance control/complaints annually.

The Public Safety program conducts lead abatement activities, especially in areas occupied by children. The program investigates unsafe products and provides education on safety issues. The program also provides engineering oversight for all public pools in the commonwealth, approving plans for all new construction, change, and/or renovation. The program provides the functional quality assurance process for monitoring trends and performance in environmental health programs.

**Health and Family Services
Health Policy**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	625,600	7,292,600	13,537,800	553,000	583,300
Budget Reduction	-19,100				
Salary Compensation Fund	11,500				
Base Deduction	-17,300				
Total General Fund	600,700	7,292,600	13,537,800	553,000	583,300
Restricted Funds					
Balance Forward	1,035,000				
Current Receipts	647,400	647,400	647,400	647,400	647,400
Non-Revenue Receipts	-25,000	-25,000	-25,000	-25,000	-25,000
Fund Transfers	-243,700			-43,700	-43,700
Total Restricted Funds	1,413,700	622,400	622,400	578,700	578,700
TOTAL SOURCE OF FUNDS	2,014,400	7,915,000	14,160,200	1,131,700	1,162,000
EXPENDITURES BY CLASS					
Personnel Cost	1,622,500	2,142,700	2,240,900	1,036,000	1,066,300
Operating Expenses	63,400	229,000	248,800	60,500	60,500
Grants, Loans or Benefits	328,500	5,543,300	11,670,500	35,200	35,200
TOTAL EXPENDITURES	2,014,400	7,915,000	14,160,200	1,131,700	1,162,000
EXPENDITURES BY FUND SOURCE					
General Fund	600,700	7,292,600	13,537,800	553,000	583,300
Restricted Funds	1,413,700	622,400	622,400	578,700	578,700
TOTAL EXPENDITURES	2,014,400	7,915,000	14,160,200	1,131,700	1,162,000
EXPENDITURES BY UNIT					
Office of Health Policy	2,014,400	7,915,000	14,160,200	1,131,700	1,162,000
TOTAL EXPENDITURES	2,014,400	7,915,000	14,160,200	1,131,700	1,162,000

There are two divisions within the Office of Health Planning: the Division of Health Policy Planning and Development and the Division of Certificate of Need.

The Division of Health Policy Planning and Development provides coordination among state agencies and programs including:

- Medicaid
- Insurance
- Mental Health/Mental Retardation
- State Employee Health Insurance
- Public Health

The Division of Health Policy Planning and Development coordinates health policy and health insurance issues that cross departmental or cabinet lines, oversees legislative and regulatory efforts to ensure that proposed statutes and regulations are consistent across departments and consistent with the overall goals of the administration, develops health insurance policy in coordination with the Kentucky Office of Insurance, and leads the efforts related to policy coordination and benefit design for state employee health insurance in coordination with the Personnel Cabinet.

The Division of Certificate of Need (CON) is responsible for preventing the proliferation and/or duplication of health care facilities, health services and major medical equipment that increase the cost of health care within the Commonwealth.

A certificate of need is required to establish a health facility; to change bed capacity of health facility; to make a substantial change in a project (a change which results in an increase in bed capacity, a change in location, or an increase in costs greater than the allowable amount as prescribed by regulation, etc.); to add a health service for which there are review criteria in the state health plan (open heart surgery, cardiac catheterization, MRI, mega-voltage radiation equipment, organ transplantation, special care neonatal beds, etc.), and to add a service subject to licensure (personal care beds, rehabilitation agencies, etc.); to obligate a capital expenditure or acquire major medical equipment which exceeds a specific threshold; or to change the geographic area which has been designated on a certificate of need or license.

**Health and Family Services
Human Support Services**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	12,538,400	13,294,400	13,451,400	7,034,600	7,055,300
Salary Compensation Fund	23,200				
Total General Fund	12,561,600	13,294,400	13,451,400	7,034,600	7,055,300
Tobacco Settlement-Phase I					
Tobacco Settlement - I	100,000	175,000	175,000	175,000	175,000
Continuing Appropriation	130,900				
Total Tobacco Settlement-Phase I	230,900	175,000	175,000	175,000	175,000
Restricted Funds					
Balance Forward	51,400	50,000	50,000	50,000	50,000
Non-Revenue Receipts	624,600	629,600	630,900	626,000	626,000
Total Restricted Funds	676,000	679,600	680,900	676,000	676,000
Federal Funds					
Balance Forward	1,300				
Current Receipts	3,928,200	3,929,500	3,929,500	3,902,700	3,909,700
Total Federal Funds	3,929,500	3,929,500	3,929,500	3,902,700	3,909,700
TOTAL SOURCE OF FUNDS	17,398,000	18,078,500	18,236,800	11,788,300	11,816,000
EXPENDITURES BY CLASS					
Personnel Cost	906,800	1,415,600	1,577,000	779,000	806,700
Operating Expenses	241,200	324,900	321,800	228,500	228,500
Grants, Loans or Benefits	16,200,000	16,288,000	16,288,000	10,730,800	10,730,800
TOTAL EXPENDITURES	17,348,000	18,028,500	18,186,800	11,738,300	11,766,000
EXPENDITURES BY FUND SOURCE					
General Fund	12,561,600	13,294,400	13,451,400	7,034,600	7,055,300
Tobacco Settlement-Phase I	230,900	175,000	175,000	175,000	175,000
Restricted Funds	626,000	629,600	630,900	626,000	626,000
Federal Funds	3,929,500	3,929,500	3,929,500	3,902,700	3,909,700
TOTAL EXPENDITURES	17,348,000	18,028,500	18,186,800	11,738,300	11,766,000
EXPENDITURES BY UNIT					
Family Resource and Youth Services Center	6,143,700	6,415,200	6,482,300	711,200	711,200
Child Abuse and Domestic Violence	7,834,000	8,136,200	8,185,500	7,710,400	7,724,000
Kentucky Commission on Community Volunteerism and Services	3,370,300	3,477,100	3,519,000	3,316,700	3,330,800
TOTAL EXPENDITURES	17,348,000	18,028,500	18,186,800	11,738,300	11,766,000

The Department for Human Support Services is made up of three separate divisions: Family Resource and Youth Service Centers, Child Abuse and Domestic Violence Services, and the Kentucky Commission on Community Volunteerism and Services.

**Health and Family Services
Human Support Services
Family Resource and Youth Services Center**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	5,418,200	5,704,000	5,771,100		
Salary Compensation Fund	14,300				
Total General Fund	5,432,500	5,704,000	5,771,100		
Restricted Funds					
Balance Forward	50,000	50,000	50,000	50,000	50,000
Non-Revenue Receipts	500,000	500,000	500,000	500,000	500,000
Total Restricted Funds	550,000	550,000	550,000	550,000	550,000
Federal Funds					
Balance Forward	1,300				
Current Receipts	209,900	211,200	211,200	211,200	211,200
Total Federal Funds	211,200	211,200	211,200	211,200	211,200
TOTAL SOURCE OF FUNDS	6,193,700	6,465,200	6,532,300	761,200	761,200
EXPENDITURES BY CLASS					
Personnel Cost	14,300	185,800	252,900		
Operating Expenses		87,000	87,000		
Grants, Loans or Benefits	6,129,400	6,142,400	6,142,400	711,200	711,200
TOTAL EXPENDITURES	6,143,700	6,415,200	6,482,300	711,200	711,200
EXPENDITURES BY FUND SOURCE					
General Fund	5,432,500	5,704,000	5,771,100		
Restricted Funds	500,000	500,000	500,000	500,000	500,000
Federal Funds	211,200	211,200	211,200	211,200	211,200
TOTAL EXPENDITURES	6,143,700	6,415,200	6,482,300	711,200	711,200

The Kentucky Education Reform Act (KERA) of 1990, KRS 156.497 and KRS 156.4977 as amended, created the Family Resource and Youth Services Centers (FRYSC). The Division of Family Resource and Youth Services Centers, created by Executive Order 2004-726, provides administrative, technical assistance, and training support to the local school-based FRYSC. The primary goal of these centers is to enhance student ability to succeed in school by developing and sustaining partnerships that promote early learning and successful transition into school, academic achievement and well-being, graduation, and transition into adult life.

Each center has a unique blend of program components depending on location, available services, local need, and community input designed to promote the flow of resources and support to families in ways that strengthen their functioning and further the growth and development of each member. Services may include after-school child care, literacy programs, home visits to new/expectant parents, support and training for child day care providers, referrals to social services, employment counseling, summer and part-time job development, drug/alcohol counseling, and family crisis and mental health counseling. Centers also offer programs such as peer mediation, conflict resolution, pregnancy prevention and job shadowing.

**Health and Family Services
Human Support Services
Child Abuse and Domestic Violence**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	6,904,200	7,271,200	7,320,500	6,845,400	6,859,000
Salary Compensation Fund	8,900				
Total General Fund	6,913,100	7,271,200	7,320,500	6,845,400	6,859,000
Tobacco Settlement-Phase I					
Tobacco Settlement - I	100,000	175,000	175,000	175,000	175,000
Continuing Appropriation	130,900				
Total Tobacco Settlement-Phase I	230,900	175,000	175,000	175,000	175,000
Federal Funds					
Current Receipts	690,000	690,000	690,000	690,000	690,000
Total Federal Funds	690,000	690,000	690,000	690,000	690,000
TOTAL SOURCE OF FUNDS	7,834,000	8,136,200	8,185,500	7,710,400	7,724,000
EXPENDITURES BY CLASS					
Personnel Cost	454,300	679,200	731,600	381,700	395,300
Operating Expenses	15,800	18,100	15,000	15,800	15,800
Grants, Loans or Benefits	7,363,900	7,438,900	7,438,900	7,312,900	7,312,900
TOTAL EXPENDITURES	7,834,000	8,136,200	8,185,500	7,710,400	7,724,000
EXPENDITURES BY FUND SOURCE					
General Fund	6,913,100	7,271,200	7,320,500	6,845,400	6,859,000
Tobacco Settlement-Phase I	230,900	175,000	175,000	175,000	175,000
Federal Funds	690,000	690,000	690,000	690,000	690,000
TOTAL EXPENDITURES	7,834,000	8,136,200	8,185,500	7,710,400	7,724,000

The Division of Child Abuse and Domestic Violence Services was established in KRS 194A.092 to address the need to increase the financial and programmatic efficiency and accountability of state and community systems and other organizations that provide services to victims of child abuse, domestic violence and sexual assault. Division staff serve as program managers for both the state network of Children's Advocacy Centers and the state network of Rape Crisis Centers. The Division is further charged with providing new and progressive initiatives to improve and enhance the delivery of services to victims of child abuse, domestic violence, and rape or sexual assault.

Additionally, KRS 403.700 provides that the Governor's Council on Domestic Violence and Sexual Assault shall be attached to the Division of Child Abuse and Domestic Violence Services. The statute further provides that the secretaries for the Justice and Public Safety Cabinet and the Cabinet for Health and Family Services shall provide the necessary staff to assist the Council in carrying out its duties and responsibilities.

**Health and Family Services
Human Support Services
Ky Commission on Community Volunteerism and Service**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	216,000	319,200	359,800	189,200	196,300
Total General Fund	216,000	319,200	359,800	189,200	196,300
Restricted Funds					
Balance Forward	1,400				
Non-Revenue Receipts	124,600	129,600	130,900	126,000	126,000
Total Restricted Funds	126,000	129,600	130,900	126,000	126,000
Federal Funds					
Current Receipts	3,028,300	3,028,300	3,028,300	3,001,500	3,008,500
Total Federal Funds	3,028,300	3,028,300	3,028,300	3,001,500	3,008,500
TOTAL SOURCE OF FUNDS	3,370,300	3,477,100	3,519,000	3,316,700	3,330,800
EXPENDITURES BY CLASS					
Personnel Cost	438,200	550,600	592,500	397,300	411,400
Operating Expenses	225,400	219,800	219,800	212,700	212,700
Grants, Loans or Benefits	2,706,700	2,706,700	2,706,700	2,706,700	2,706,700
TOTAL EXPENDITURES	3,370,300	3,477,100	3,519,000	3,316,700	3,330,800
EXPENDITURES BY FUND SOURCE					
General Fund	216,000	319,200	359,800	189,200	196,300
Restricted Funds	126,000	129,600	130,900	126,000	126,000
Federal Funds	3,028,300	3,028,300	3,028,300	3,001,500	3,008,500
TOTAL EXPENDITURES	3,370,300	3,477,100	3,519,000	3,316,700	3,330,800

The Kentucky Commission for Community Volunteerism and Services (KCCVS) was created in 1994 to serve as a conduit for federal funds that support AmeriCorps programs in the Commonwealth and to assume responsibility for the statewide coordination of volunteer activities. Executive Order 2004-726 reorganized the administrative support and oversight unit of the Commission from an office to a division.

KCCVS currently administers 11 federally-funded AmeriCorps programs. Six of these were awarded to Kentucky through a competitive application process while the remaining five are formula based. Federal funds are contracted to community organizations that, in turn, receive local matching funds, which include cash and in-kind services. AmeriCorps members provide household budget training, home renovation assistance, life skills training, and services to help senior citizens live independently. They train volunteers, serve the homeless, mentor at-risk youth, and offer assistance to victims of natural disasters. In addition, participants tutor children in elementary and secondary schools and assist parents in developing skills to help their children learn to read. Children tutored by AmeriCorps members tend to advance a minimum of two reading levels during the school year. AmeriCorps alumni in Kentucky have received more than \$14,000,000 in federal educational vouchers for their years of service.

**Health and Family Services
Ombudsman**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	3,534,400	5,086,400	5,446,800	3,287,400	3,391,200
Salary Compensation Fund	43,400				
Total General Fund	3,577,800	5,086,400	5,446,800	3,287,400	3,391,200
Restricted Funds					
Balance Forward	20,800				
Current Receipts	17,000	27,900	32,200	17,000	17,000
Total Restricted Funds	37,800	27,900	32,200	17,000	17,000
Federal Funds					
Balance Forward	71,000				
Current Receipts	2,262,000	3,233,900	3,448,000	2,126,000	2,192,900
Total Federal Funds	2,333,000	3,233,900	3,448,000	2,126,000	2,192,900
TOTAL SOURCE OF FUNDS	5,948,600	8,348,200	8,927,000	5,430,400	5,601,100
EXPENDITURES BY CLASS					
Personnel Cost	5,578,800	7,918,100	8,496,900	5,123,400	5,293,900
Operating Expenses	369,800	430,100	430,100	307,000	307,200
TOTAL EXPENDITURES	5,948,600	8,348,200	8,927,000	5,430,400	5,601,100
EXPENDITURES BY FUND SOURCE					
General Fund	3,577,800	5,086,400	5,446,800	3,287,400	3,391,200
Restricted Funds	37,800	27,900	32,200	17,000	17,000
Federal Funds	2,333,000	3,233,900	3,448,000	2,126,000	2,192,900
TOTAL EXPENDITURES	5,948,600	8,348,200	8,927,000	5,430,400	5,601,100
EXPENDITURES BY UNIT					
Office of the Ombudsman	5,948,600	8,348,200	8,927,000	5,430,400	5,601,100
TOTAL EXPENDITURES	5,948,600	8,348,200	8,927,000	5,430,400	5,601,100

The Office of the Ombudsman consists of the Complaint Review Branch, the Quality Control Branch, the Performance Enhancement Branch, the Long Term Care Ombudsman Program and the Institutional Review Board.

The Complaint Review Branch handles calls and correspondence concerning programs under the Department for Community Based Services, the Department for Medicaid Services, the Department for Mental Health/Mental Retardation Services and the Department for Public Health. The Branch issues reports to these agencies concerning complaint trends and patterns and recommends corrective action.

The Quality Control Branch consists of two sections, the Public Assistance Review Section and the Food Stamp Review Section.

The Public Assistance Review Section conducts statewide Medicaid quality control reviews to comply with state and federal Medicaid quality control standards. Reviews include Kentucky Works Program cases, Medicaid and adult medical cases. Reports are prepared for the federal government, the Cabinet, the Department for Community Based Services and the Department for Medicaid Services.

The Food Stamp Review Section conducts Food Stamp quality control reviews, provides information to the federal

government, the Cabinet and the Department for Community Based Services and prepares the annual state Food Stamp Quality Control Sampling Plan.

The Performance Enhancement Branch consists of three sections, the Quality Assurance Section, the Management Evaluation Section, and the Program Access and Compliance Section.

The Quality Assurance Section determines administrative hearing eligibility for the Department for Community Based Services' Division of Protection and Permanency service and requests to appeal child abuse and/or child neglect substantiation. This section also coordinates, conducts, analyzes, and issues reports on the Kentucky Child and Family Services Review in accordance with the federally mandated Program Improvement Plan. The section coordinates record keeping for the Continuous Quality Improvement Peer Review process within the Division of Protection and Permanency.

The Management Evaluation Section conducts federal management evaluation reviews for the Food Stamp program. This section assists in writing county and regional corrective action plans and conducts exit conferences with field staff in all Kentucky counties. This section also prepares the federal food stamp corrective action state plan and ensures continuous error identifications and revises local and regional plans accordingly.

The Program Access and Compliance Section performs federally mandated Food Stamp access reviews of local offices to insure they comply with regulations to provide eligible clients access to services. Follow-up and exit interviews are conducted in each office. This section also seeks to identify potential barriers, works to resolve those problems and implements corrective action and continuous monitoring.

The Kentucky Long-Term Care Ombudsmen Program identifies, investigates and helps resolve complaints made by or on behalf of residents of long-term care facilities (including nursing homes, personal care homes and family care homes). The Long-Term Care Ombudsmen also advocate for changes to improve residents' quality of life and care.

The Cabinet for Health and Family Services Institutional Review Board for the Protection of Human Subjects reviews and approves all research projects involving CHFS clients or employees as subjects to ensure that the safety and welfare of the research subjects are protected.

**Health and Family Services
Disability Determination Services**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
Restricted Funds					
Non-Revenue Receipts	65,800	69,800	71,400	65,800	65,800
Total Restricted Funds	65,800	69,800	71,400	65,800	65,800
Federal Funds					
Balance Forward	138,400				
Current Receipts	46,394,600	56,187,800	58,537,100	50,432,900	51,465,200
Total Federal Funds	46,533,000	56,187,800	58,537,100	50,432,900	51,465,200
TOTAL SOURCE OF FUNDS	46,598,800	56,257,600	58,608,500	50,498,700	51,531,000
EXPENDITURES BY CLASS					
Personnel Cost	25,782,200	35,724,300	38,081,100	29,965,600	31,004,000
Operating Expenses	3,516,600	3,516,800	3,517,000	3,516,600	3,516,600
Grants, Loans or Benefits	17,300,000	17,016,500	17,010,400	17,016,500	17,010,400
TOTAL EXPENDITURES	46,598,800	56,257,600	58,608,500	50,498,700	51,531,000
EXPENDITURES BY FUND SOURCE					
Restricted Funds	65,800	69,800	71,400	65,800	65,800
Federal Funds	46,533,000	56,187,800	58,537,100	50,432,900	51,465,200
TOTAL EXPENDITURES	46,598,800	56,257,600	58,608,500	50,498,700	51,531,000
EXPENDITURES BY UNIT					
Disability Determinations	46,598,800	56,257,600	58,608,500	50,498,700	51,531,000
TOTAL EXPENDITURES	46,598,800	56,257,600	58,608,500	50,498,700	51,531,000

The Department for Disability Determination Services (DDDS) determines medical eligibility for residents of the Commonwealth who apply for Social Security and Supplemental Security Income disability benefits from the federal government. The DDDS reevaluates the claims of disability recipients who have been selected for a periodic review of their medical condition and conducts face-to-face evidentiary hearings for those individuals who appeal an unfavorable review of their continuing eligibility.

The Department for Disability Determination Services workload depends upon: 1) the number of individuals who apply for disability benefits through the Social Security Administration (SSA), 2) the number of claims that SSA selects for continuing review and sends to DDDS, and 3) Congressional mandates, legal actions or other initiatives.

Policy

The Executive Budget includes federal funds in the amount of \$3.5 million in fiscal year 2009 and \$3.8 million in fiscal year 2010 for 90 positions critical to the timely and accurate processing of disability applications and eligibility reviews.

**Health and Family Services
Community Based Services**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	341,729,700	436,925,400	475,308,400	327,246,100	330,622,900
Special Appropriation	2,000,000				
Salary Compensation Fund	2,513,500				
Total General Fund	346,243,200	436,925,400	475,308,400	327,246,100	330,622,900
Tobacco Settlement-Phase I					
Tobacco Settlement - I	7,420,400	8,970,400	9,220,400	8,970,400	9,220,400
Continuing Appropriation	1,200,400				
Other	1,050,000				
Total Tobacco Settlement-Phase I	9,670,800	8,970,400	9,220,400	8,970,400	9,220,400
Restricted Funds					
Balance Forward	6,758,800	6,386,600	9,351,600	1,820,900	4,893,100
Current Receipts	154,141,800	176,105,400	167,173,400	163,633,000	153,364,200
Non-Revenue Receipts	-21,829,500	-21,252,700	-18,249,100	-21,933,300	-17,442,700
Fund Transfers	-43,000				
Total Restricted Funds	139,028,100	161,239,300	158,275,900	143,520,600	140,814,600
Federal Funds					
Balance Forward	17,675,400				
Current Receipts	511,176,200	581,243,200	602,487,000	532,476,000	536,048,200
Total Federal Funds	528,851,600	581,243,200	602,487,000	532,476,000	536,048,200
TOTAL SOURCE OF FUNDS	1,023,793,700	1,188,378,300	1,245,291,700	1,012,213,100	1,016,706,100
EXPENDITURES BY CLASS					
Personnel Cost	260,343,200	348,081,700	378,958,700	267,049,700	275,297,500
Operating Expenses	42,292,700	52,544,200	55,581,400	40,921,000	40,921,700
Grants, Loans or Benefits	718,855,900	778,400,800	806,393,200	699,349,300	700,395,900
Debt Service	385,000				91,000
TOTAL EXPENDITURES	1,021,876,800	1,179,026,700	1,240,933,300	1,007,320,000	1,016,706,100
EXPENDITURES BY FUND SOURCE					
General Fund	346,147,200	436,925,400	475,308,400	327,246,100	330,622,900
Tobacco Settlement-Phase I	9,670,800	8,970,400	9,220,400	8,970,400	9,220,400
Restricted Funds	137,207,200	151,887,700	153,917,500	138,627,500	140,814,600
Federal Funds	528,851,600	581,243,200	602,487,000	532,476,000	536,048,200
TOTAL EXPENDITURES	1,021,876,800	1,179,026,700	1,240,933,300	1,007,320,000	1,016,706,100
EXPENDITURES BY UNIT					
Family Support	309,127,100	357,742,100	375,609,500	312,681,900	316,508,600
Child Support	56,133,900	67,789,500	70,791,600	56,293,200	56,508,600
Energy	34,079,900	34,151,500	34,180,400	29,800,200	29,989,800
Child Care	171,529,100	171,331,000	171,753,500	170,591,700	170,904,000
Family and Community Services	451,006,800	548,012,600	588,598,300	437,953,000	442,795,100
TOTAL EXPENDITURES	1,021,876,800	1,179,026,700	1,240,933,300	1,007,320,000	1,016,706,100

The Department for Community Based Services is responsible for administering the following programs: Family Support (including Temporary Assistance to Needy Families, Food Stamps, Medicaid Eligibility, and State Supplementation), Child Support, Energy Assistance, Child Care, and Family and Community Based Services (including Family Based Services, Adult Services and Alternatives for Children).

These programs benefit Kentuckians who, because of social, educational, mental, or physical impairments are without sufficient resources to meet their basic needs. The Department's mission is to preserve the family as a unit when possible and protect individuals from abuse, neglect, and exploitation with safety and permanency as the paramount goals.

**Health and Family Services
Community Based Services
Family Support**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	123,187,200	135,755,800	139,979,600	123,340,800	124,773,000
Salary Compensation Fund	949,900				
Total General Fund	124,137,100	135,755,800	139,979,600	123,340,800	124,773,000
Restricted Funds					
Balance Forward	1,294,600	1,234,600	1,174,600	496,900	60,000
Current Receipts	390,000	390,000	390,000	390,000	390,000
Non-Revenue Receipts	17,464,900	22,122,900	24,250,800	17,911,500	18,819,500
Total Restricted Funds	19,149,500	23,747,500	25,815,400	18,798,400	19,269,500
Federal Funds					
Balance Forward	15,499,400				
Current Receipts	150,838,000	199,413,400	210,929,100	170,602,700	172,466,100
Total Federal Funds	166,337,400	199,413,400	210,929,100	170,602,700	172,466,100
TOTAL SOURCE OF FUNDS	309,624,000	358,916,700	376,724,100	312,741,900	316,508,600
EXPENDITURES BY CLASS					
Personnel Cost	110,883,600	136,420,300	145,647,400	115,994,000	119,204,500
Operating Expenses	17,335,200	20,981,200	22,447,300	17,310,600	17,310,600
Grants, Loans or Benefits	180,908,300	200,340,600	207,514,800	179,377,300	179,993,500
TOTAL EXPENDITURES	309,127,100	357,742,100	375,609,500	312,681,900	316,508,600
EXPENDITURES BY FUND SOURCE					
General Fund	124,137,100	135,755,800	139,979,600	123,340,800	124,773,000
Restricted Funds	18,652,600	22,572,900	24,700,800	18,738,400	19,269,500
Federal Funds	166,337,400	199,413,400	210,929,100	170,602,700	172,466,100
TOTAL EXPENDITURES	309,127,100	357,742,100	375,609,500	312,681,900	316,508,600
EXPENDITURES BY UNIT					
Food Stamps	57,922,600	70,624,000	75,238,900	59,089,000	60,671,500
Medical Assistance	34,333,600	44,630,300	48,910,200	35,122,600	36,193,300
State Supplementation	22,055,600	26,303,300	28,219,600	20,523,300	21,164,300
TANF	194,815,300	216,184,500	223,240,800	197,947,000	198,479,500
TOTAL EXPENDITURES	309,127,100	357,742,100	375,609,500	312,681,900	316,508,600

The Family Support Program consists of the following programs: Temporary Assistance to Needy Families (TANF), Food Stamps, Medicaid Eligibility, and State Supplementation. The programs administered by the Division of Family Support are designed to promote self-sufficiency, job training assessment, and the delivery of basic essential services for families and children who need assistance. Access to these programs is available in every Kentucky county. Each local office has the responsibility to determine eligibility, provide facts and information of available benefits as well as the regulatory limitations of available benefits, and maintain case record information.

The National Voter Registration Act of 1993, also known as the Motor-Voter Act, requires agencies that deliver services to persons with disabilities or provide benefits under the Kentucky Transitional Assistance program, Women, Infants and Children program, Medicaid, or Food Stamps, as well as Armed Forces Recruiting Stations and driver licensing stations to make available voter registration applications to their clients. These agencies are mandated to distribute voter registration forms, provide assistance in completing these forms, and ensure completed forms reach the proper state election office for processing.

Temporary Assistance for Needy Families (TANF)

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PL 104-193) amended and combined Title IV-A (AFDC) and Title IV-F (JOBS) of the Social Security Act to provide block grants to states for TANF. These Federal Funds support the program's administrative and benefit expenditures that include personnel, operating, and indirect costs; contracts with partnering agencies; cash assistance subsidies; supportive services; child care; and transportation. A Maintenance of Effort requirement mandates that states spend an amount equal to or greater than 80 percent of fiscal year 1994 expenditures. For Kentucky, this amount is \$71.9 million.

The Kentucky Transitional Assistance Program (K-TAP) is the Commonwealth's cash assistance program for families with a dependent child who is deprived of parental support due to the continued absence, unemployment, incapacity, or death of one or both parents. Monthly payments are designed to help adults find a job or obtain training that leads to employment. Gross income must fall below a level appropriate for the family's size, and total family resources cannot exceed agency limits.

The Kentucky Works Program assists recipients with their transition into the workforce and attainment of self-sufficiency. Adults receiving K-TAP benefits must participate in this program and, with the help of a case manager, develop a Transitional Assistance Agreement. Kentucky Works Program activities include employment, on-the-job training, work experience training programs, a job search/job readiness component, vocational training or other educational services, community service, high school completion for teen parents, and other activities necessary to prepare for employment. Referrals to providers of transportation, child care, and supportive services such as car repairs and supplies ensure that individuals are able to take part in this program.

Safety Net Services are available to former K-TAP families who lose cash assistance as a result of time limits or failure to complete an assessment for Kentucky Works. Families with an income at or below 200 percent of the federal poverty level can access temporary benefits to meet basic needs such as shelter, food, clothing, or utilities. A total of \$635 may be authorized for four months during a 12-month period.

The Family Alternatives Diversion Program (FAD) provides an alternative for families, who, while otherwise eligible, choose not to receive K-TAP cash assistance. A maximum of \$1,300 is available to assist the family with immediate needs such as food, shelter, transportation, etc. These benefits may be authorized for a three-month period. FAD may be approved once during a 24-month period.

The Kinship Care Program provides financial assistance and support services to non-parental relatives caring for children who cannot remain in the home of their parents due to abuse, neglect, or the death of both parents. An initial, one-time amount is available to address each child's immediate needs in this new environment.

Efforts continue to partner with local communities to achieve the goals of self-sufficiency, protection, and permanency for Kentucky's families. The flexibility of the TANF block grant has allowed the Department to pursue initiatives such as change management and organizational restructuring and, as a result, better address the needs of those striving to escape a life of dependency.

Food Stamps

The Food Stamp program, authorized by the Food Stamp Act of 1997 (PL 95-113), helps low-income persons purchase food for a nutritional diet. It is designed to promote the general welfare and safeguard the health and well-being of the nation's population by raising nutritional levels among low-income households. A household, which is defined as any individual, family, or group of people living with each other who buy and prepare food together, must meet eligibility standards.

The Food Stamp Employment and Training (FS E&T) program is designed to assist able-bodied food stamp recipients obtain employment that leads to self-sufficiency. In Kentucky, the FS E & T program serves only non-exempt work registrants between the ages of 18 and 49, otherwise known as Able-Bodied Adults Without Dependents (ABAWDs). Recipients of this service must participate and comply with E & T requirements in order to maintain their food stamp eligibility.

Medicaid Eligibility

The Department for Community Based Services (DCBS), using staff in field offices located in each Kentucky county, determines eligibility for the Medicaid program under a contract with the Department for Medicaid Services. The Medicaid program is authorized under Title XIX of the U.S. Social Security Act and KRS 205.520.

State Supplementation

The State Supplementation Program, authorized by KRS 205.245, provides financial support to aged, blind, or disabled individuals who have insufficient income to meet their needs in a licensed personal care home or family care home, or to purchase caretaker services designed to prevent institutionalization. To be eligible, persons must meet the criteria of the Social Security Income program related to age, blindness or disability as well as additional requirements associated with

citizenship, Kentucky residency, and special needs.

Policy

The Medicaid Eligibility contract between the Department for Community Based Services and the Department for Medicaid Services referenced above includes the following funding:

	<u>Fiscal Year 2009</u>	<u>Fiscal Year 2010</u>
State Funds	\$17,420,800	\$17,951,900
Federal Funds	<u>17,701,800</u>	<u>18,241,400</u>
Total Medicaid Eligibility Contract	\$35,122,600	\$36,193,300

The state funded portion of the Medicaid Eligibility contract included above shall be transferred from the Department for Medicaid Services.

**Health and Family Services
Community Based Services
Child Support**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	4,678,000	6,885,700	14,461,900	3,319,300	3,319,300
Total General Fund	4,678,000	6,885,700	14,461,900	3,319,300	3,319,300
Restricted Funds					
Balance Forward	5,189,200	3,785,000	3,300,100		
Current Receipts	11,943,400	19,115,800	12,996,200	19,435,300	19,508,700
Total Restricted Funds	17,132,600	22,900,800	16,296,300	19,435,300	19,508,700
Federal Funds					
Balance Forward	2,176,000				
Current Receipts	32,147,300	41,303,100	43,233,400	33,538,600	33,680,600
Total Federal Funds	34,323,300	41,303,100	43,233,400	33,538,600	33,680,600
TOTAL SOURCE OF FUNDS	56,133,900	71,089,600	73,991,600	56,293,200	56,508,600
EXPENDITURES BY CLASS					
Personnel Cost	7,105,400	9,304,600	9,902,200	7,263,400	7,477,600
Operating Expenses	3,474,400	3,919,400	3,919,400	3,475,700	3,476,900
Grants, Loans or Benefits	45,554,100	54,565,500	56,970,000	45,554,100	45,554,100
TOTAL EXPENDITURES	56,133,900	67,789,500	70,791,600	56,293,200	56,508,600
EXPENDITURES BY FUND SOURCE					
General Fund	4,678,000	6,885,700	14,461,900	3,319,300	3,319,300
Restricted Funds	17,132,600	19,600,700	13,096,300	19,435,300	19,508,700
Federal Funds	34,323,300	41,303,100	43,233,400	33,538,600	33,680,600
TOTAL EXPENDITURES	56,133,900	67,789,500	70,791,600	56,293,200	56,508,600

The Child Support Program under Title IV-D of the Social Security Act (PL 93-647) is designed to ensure that children are financially supported by parents who are legally obligated to pay child support. Both the state and federal governments share costs to conduct this program. State statutes governing the operation of this program were enacted under the Kentucky Child Support Recovery Act and are contained in KRS 205.710 - KRS 205.800.

The core functions of the child support program include locating parents; establishing paternity; establishing, enforcing, and modifying child support orders; and collecting and disbursing child support payments. Program responsibilities include the establishment and enforcement of medical support. In addition to traditional judicial processes, state and federal laws allow the Child Support Program to accomplish its mission through administrative processes such as in-hospital paternity establishment, wage assignments, liens and levies on personal property and assets, and offsetting tax refunds and unemployment benefits. The Division of Child Support maintains program administration contracts with 114 county officials to provide child support collection locally.

Child support services are automatically provided to families receiving assistance under the Kentucky Transitional Assistance Program (K-TAP) or Medicaid, and for children placed in the care of the Cabinet for Health and Family Services. Payment collected for families receiving K-TAP and children in the care of the Cabinet for Health and Family Services is used to reimburse the state and federal governments for benefits expended on behalf of those families and children. Families that do not participate in the cash or medical assistance programs may also apply for child support services.

Public Law 104-193, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, created new requirements for the child support program. Through contracts with private vendors, this program receives new-hire information from

employers and asset data from financial institutions. A state case registry has been established and data is transmitted to the federal case registry to assist in locating out-of-state parents. The State Disbursement Unit is a centralized collection site for all child support payments, including non-Title IV-D wages. These are private child support cases in which payments are withheld from the parent's wages. State services provided in these cases are limited to receiving payments from the employer, disbursing the payment to the family, and maintaining fiscal records.

The Personal Responsibility and Work Opportunity Reconciliation Act also revised the method for calculating incentive payments from one that focused solely on program processes to one based on program outcomes. Under this new plan, a pool of funds has been created for incentive payments to all states. However, only those states which meet the performance criteria in each of five program areas are eligible to receive a portion of the pool.

**Health and Family Services
Community Based Services
Energy**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation		4,352,100	4,190,600		
Total General Fund		4,352,100	4,190,600		
Restricted Funds					
Balance Forward	800	800	800	800	
Total Restricted Funds	800	800	800	800	
Federal Funds					
Current Receipts	34,079,900	29,799,400	29,989,800	29,799,400	29,989,800
Total Federal Funds	34,079,900	29,799,400	29,989,800	29,799,400	29,989,800
TOTAL SOURCE OF FUNDS	34,080,700	34,152,300	34,181,200	29,800,200	29,989,800
EXPENDITURES BY CLASS					
Personnel Cost	297,300	372,200	401,100	304,800	315,200
Operating Expenses	67,500	68,900	69,000	65,500	64,300
Grants, Loans or Benefits	33,715,100	33,710,400	33,710,300	29,429,900	29,610,300
TOTAL EXPENDITURES	34,079,900	34,151,500	34,180,400	29,800,200	29,989,800
EXPENDITURES BY FUND SOURCE					
General Fund		4,352,100	4,190,600		
Restricted Funds				800	
Federal Funds	34,079,900	29,799,400	29,989,800	29,799,400	29,989,800
TOTAL EXPENDITURES	34,079,900	34,151,500	34,180,400	29,800,200	29,989,800
EXPENDITURES BY UNIT					
LIHEAP	25,956,300	25,965,500	25,969,200	21,974,600	22,100,000
Weatherization	8,123,600	8,186,000	8,211,200	7,825,600	7,889,800
TOTAL EXPENDITURES	34,079,900	34,151,500	34,180,400	29,800,200	29,989,800

The Low Income Home Energy Assistance program and the Weatherization Assistance program administered through the Department for Community Based Services are federally funded programs that help low-income households meet the cost of energy expenses through direct fuel bill subsidies or energy conservation repairs to their homes.

The Home Energy Assistance program, authorized by KRS 205.400, provides support with home heating/cooling costs for low-income households. Eligibility criteria include income that does not exceed 130 percent of the federal poverty level, resources that total less than \$2,000 (or \$3,000 if at least one person in the household is either age 60 or older or disabled, \$4,000 if there is a catastrophic illness in the household), and the responsibility for home heating expenses. This program is divided into two segments: Subsidy, which provides heating assistance benefits to eligible households, and Crisis, which is designed to assist any low-income family experiencing a home energy emergency. Services include accepting applications, determining eligibility, implementing an outreach component, and coordinating this program with other energy assistance initiatives.

The Weatherization Assistance Program is designed to reduce energy consumption, lower heating bills, and ensure the health and safety of families whose annual income is at or below 150 percent of the federal poverty level. Funds are provided to conduct energy audits and heat system safety tests and repairs, reduce air infiltration, install insulation, and perform other energy-related conservation measures.

**Health and Family Services
Community Based Services
Child Care**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	20,613,000	20,613,000	20,613,000	12,942,600	12,942,600
Total General Fund	20,613,000	20,613,000	20,613,000	12,942,600	12,942,600
Tobacco Settlement-Phase I					
Tobacco Settlement - I	7,420,400	8,970,400	9,220,400	8,970,400	9,220,400
Continuing Appropriation	1,200,400				
Other	1,050,000				
Total Tobacco Settlement-Phase I	9,670,800	8,970,400	9,220,400	8,970,400	9,220,400
Restricted Funds					
Balance Forward	274,000	197,000	120,000	154,000	77,000
Current Receipts	73,000	73,000	73,000	73,000	73,000
Fund Transfers	-43,000				
Total Restricted Funds	304,000	270,000	193,000	227,000	150,000
Federal Funds					
Current Receipts	141,095,300	141,597,600	141,770,100	148,528,700	148,591,000
Total Federal Funds	141,095,300	141,597,600	141,770,100	148,528,700	148,591,000
TOTAL SOURCE OF FUNDS	171,683,100	171,451,000	171,796,500	170,668,700	170,904,000
EXPENDITURES BY CLASS					
Personnel Cost	9,226,600	9,715,200	9,887,700	9,272,000	9,333,900
Operating Expenses	422,700	469,200	469,200	423,100	423,500
Grants, Loans or Benefits	161,879,800	161,146,600	161,396,600	160,896,600	161,146,600
TOTAL EXPENDITURES	171,529,100	171,331,000	171,753,500	170,591,700	170,904,000
EXPENDITURES BY FUND SOURCE					
General Fund	20,613,000	20,613,000	20,613,000	12,942,600	12,942,600
Tobacco Settlement-Phase I	9,670,800	8,970,400	9,220,400	8,970,400	9,220,400
Restricted Funds	150,000	150,000	150,000	150,000	150,000
Federal Funds	141,095,300	141,597,600	141,770,100	148,528,700	148,591,000
TOTAL EXPENDITURES	171,529,100	171,331,000	171,753,500	170,591,700	170,904,000

Under KRS Chapter 199, the Department for Community Based Services, through the Division of Child Care, manages day care services in the Commonwealth. The child care services are designed to promote, expand, and improve the quality of care for children in Kentucky and ensure that families most in need have access to high quality child care which is developmentally appropriate, affordable, and safe. In the context of comprehensive family services, child care is one of the support services directed at:

- Providing early educational opportunities for at-risk children,
- Strengthening and maintaining client families,
- Eliminating barriers to work and education for parents,
- Preventing or remedying abuse, neglect or exploitation of children,
- Preventing family dissolution, and
- Preventing out-of-home placements.

Priorities for allocation of available funds have been to meet protective services child care and child care needs for work participation requirements for the families receiving benefits through the Kentucky Temporary Assistance Program (K-TAP). Failure to meet participation requirements would result in substantial penalties and the loss of Federal Funds. After these priorities are met, remaining funds are used to provide child care subsidies for low-income working parents. This includes families who are transitioning from K-TAP and those who would be at risk of becoming dependent on K-TAP if child care were not available.

The cost of services for working parents is partially offset by a sliding fee scale under which parents pay a portion of the expense based on their income and family size. Child care assistance provided to families as a result of protective services is available without regard to income.

The Cabinet's Division of Child Care collaborates with the Division of Early Childhood Development Services and other public and private entities in the development and implementation of the Early Childhood Development initiatives. A portion of the tobacco settlement funds may be used to match Federal Funds to support various quality initiatives. Early care and education have been enhanced through a voluntary, research based, four star child care quality rating system (STARS for KIDS NOW) for centers and certified family child care homes. This program includes quality incentives and achievement awards for participants. Increased quality, availability, and affordability of training for all early care and education professionals has been supported by a seamless statewide system of professional development that includes core content, credentials, scholarships, grants, awards, and articulation.

**Health and Family Services
Community Based Services
Family and Community Services**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	193,251,500	269,318,800	296,063,300	187,643,400	189,588,000
Special Appropriation	2,000,000				
Salary Compensation Fund	1,563,600				
Total General Fund	196,815,100	269,318,800	296,063,300	187,643,400	189,588,000
Restricted Funds					
Balance Forward	200	1,169,200	4,756,100	1,169,200	4,756,100
Current Receipts	141,735,400	156,526,600	153,714,200	143,734,700	133,392,500
Non-Revenue Receipts	-39,294,400	-43,375,600	-42,499,900	-39,844,800	-36,262,200
Total Restricted Funds	102,441,200	114,320,200	115,970,400	105,059,100	101,886,400
Federal Funds					
Current Receipts	153,015,700	169,129,700	176,564,600	150,006,600	151,320,700
Total Federal Funds	153,015,700	169,129,700	176,564,600	150,006,600	151,320,700
TOTAL SOURCE OF FUNDS	452,272,000	552,768,700	588,598,300	442,709,100	442,795,100
EXPENDITURES BY CLASS					
Personnel Cost	132,830,300	192,269,400	213,120,300	134,215,500	138,966,300
Operating Expenses	20,992,900	27,105,500	28,676,500	19,646,100	19,646,400
Grants, Loans or Benefits	296,798,600	328,637,700	346,801,500	284,091,400	284,091,400
Debt Service	385,000				91,000
TOTAL EXPENDITURES	451,006,800	548,012,600	588,598,300	437,953,000	442,795,100
EXPENDITURES BY FUND SOURCE					
General Fund	196,719,100	269,318,800	296,063,300	187,643,400	189,588,000
Restricted Funds	101,272,000	109,564,100	115,970,400	100,303,000	101,886,400
Federal Funds	153,015,700	169,129,700	176,564,600	150,006,600	151,320,700
TOTAL EXPENDITURES	451,006,800	548,012,600	588,598,300	437,953,000	442,795,100
EXPENDITURES BY UNIT					
Family Based Services	97,525,900	150,549,100	168,066,000	102,467,900	105,590,200
Adult Services	34,351,100	38,276,700	39,848,900	34,212,300	34,718,100
Alternatives For Children	319,129,800	359,186,800	380,683,400	301,272,800	302,486,800
TOTAL EXPENDITURES	451,006,800	548,012,600	588,598,300	437,953,000	442,795,100

Family and Community Services provide support at the time of crisis to prevent the disruption of the family unit and to protect individuals from abuse, neglect, and exploitation. Family and Community Services are designed to provide maximum support to a family at the time of crisis to prevent the disruption of the family unit and to protect individuals from abuse, neglect, and exploitation with safety and permanency as the paramount goals.

The subprograms contained in Family and Community Services are Family Based Services, Adult Services, and Alternatives for Children. The legal authority for the program is in KRS Chapters 199, 209 (Adult Protection), and 600-645, and in Titles IV, XIX and XX of the Social Security Act.

Family Based Services

Family-based services include child protection, reunification following out-of-home placement, home safety services, preventive services for families, community-based juvenile services, family preservation services, mental health services

through contracts with local comprehensive care centers, self-help services provided through local child abuse councils, and preventive assistance.

Child Protective Services safeguard the rights and welfare of abused, neglected or dependent children; aid parents or other responsible persons in recognizing and remedying conditions detrimental to the welfare of their children; and identify conditions that contribute to the neglect, abuse, or dependency of children. Child Protective Services are both preventive and corrective in nature. The Department is mandated to receive and investigate reports of the abuse or neglect of children.

Home Safety Services provide in-home support that prevents the disruption of a family unit or expedites the return of the child by helping parents with general homemaker skills, role modeling, parenting skills, assistance in daily living skills, and direction in utilizing community services.

Preventive Services to families who do not qualify for services under other program areas address a family's treatment needs before the situation has escalated to become abusive or neglectful.

The Preventative Assistance Program provides financial assistance to families facing a financial crisis that threatens the family or adult with disruption and out-of-home placement. The program provides a maximum of \$500 per family in a one-year period.

Family Preservation provides crisis intervention and intensive (5-20 hours per week) in-home services to families who have children at imminent risk of removal from their home. Family Reunification Services, which follow the same basic model with less intensive in-home services over a longer duration (up to 6 months), facilitate the successful return of children to the home and decrease the likelihood of repeated child placements.

Self-Help Groups provide support and education for parents in crisis or at risk of further abuse or neglect of children.

Juvenile Services in the Community provide an array of preventive and treatment services for children adjudicated as status offenders under KRS 630. Because status offender behaviors such as running away from home, being beyond parental control and truancy are most often indicative of prior abuse or neglect of the child, services are targeted at prevention of further abuse or neglect and interventions to curb the child's negative behaviors. Appropriate services may be provided directly by DCBS or arranged through local mental health centers, Family Resource and Youth Service Centers, community partnerships, private child care agencies, and other private providers in the community.

Adult Services

Adult Services have three major components: protection, self-support and guardianship. Adult services are directed toward preserving the vulnerable individual's independence to the maximum degree possible and protecting him/her from abuse, neglect or exploitation pursuant to KRS 209. The elements of adult services are:

- Adult protection,
- Spouse abuse protection,
- Adult home safety services (which is the direct provision of home safety services to adults at risk or in need of protection),
- Interdisciplinary evaluations to determine an adult's degree of disability and need for guardianship,
- Services provided by spouse abuse centers and crisis centers,
- Alternate care (also called patient movement and placement) which involves assisting individuals with appropriate community and institutional placements, and
- Preventive services for adults which entails assessment, planning, and guidance to individuals referred by the courts, the Cabinet's ombudsman, neighbors, state and federal legislators or through a self-referral.

This often involves finding food, shelter, clothing, and medical treatment. Adult Self-Support includes the Community Services Block Grant, which provides funding for emergency needs of economically disadvantaged citizens. This program helps to alleviate the stresses on the family unit resulting from poverty while promoting self-sufficiency. Adult Guardianship services are provided for legally disabled adult residents of Kentucky for whom the Cabinet has been appointed guardian or conservator. The staff of the Guardianship Branch act as advocates to assure that each client's civil and human rights are preserved and protected, care needs are met, living arrangements are appropriate, entitlement eligibility is maintained, and financial matters are managed.

Pursuant to KRS 209, anyone who knows or suspects that an adult, who because of mental or physical dysfunction, or a spouse (without regard to age) is being abused, neglected or exploited must report this information to the Cabinet for Health and Family Services. The Cabinet is required to investigate the report, notify local law enforcement officials, offer appropriate protection and support services, and maintain case records.

Homemaker Services are designed to enhance the adult's ability to remain at home in the least restrictive environment. Services may include meal preparation, budgeting, grocery shopping, menu planning, doing laundry, assisting with personal hygiene,

changing beds, and sweeping floors. Homemaker services are a key element in enhancing the vulnerable adult's ability to remain at home and in assisting the family unit to remain intact.

Interdisciplinary Evaluations are court-ordered evaluations pursuant to KRS 387.540 performed by a qualified social worker, a physician, and a psychologist to assess an adult's degree of disability and to report to the court regarding the need for guardianship.

Spouse Abuse Shelter Services are available in each of the 15 Area Development Districts under a contract between the Department and the Kentucky Domestic Violence Association. Part of the funding for this element is provided by a portion of the marriage license fee as authorized by KRS 209.160.

Alternate Care (also referred to as Placement and Movement) services are essential in providing preventive and protective services. For individuals no longer able to care for themselves or be cared for at home, long term care facility placement is often the best alternative or only solution. The Department for Community Based Services is involved in placement and movement of individuals into, between, and out of facilities. Placement and Movement denotes assistance provided to Medicaid-eligible individuals. Alternate Care denotes assistance to non-Medicaid eligible individuals.

It is estimated that approximately 56,000 Kentuckians need alternate care or placement and movement services each year. The majority of these individuals have family or friends to assist them in finding alternate living arrangements. The Department assists those individuals who are not able to locate appropriate placements. Alternate Care Services help ensure that persons are not inappropriately placed in a level of care exceeding their need and thus promotes cost effectiveness. These services also help ensure that persons assisted receive the care they require.

As part of Alternate Care, the Department's family service workers make quarterly site visits to each freestanding personal care home and all family care homes to see residents and determine if their social and related needs are being met.

Alternatives for Children

Alternatives for Children provides placement resources for children who have been or are at risk of being abused or neglected. The legal authority for Alternatives for Children includes KRS Chapters 199, 600 and 620, Titles IV-B and IV-E, and the Social Services Block Grant. Services are directed toward finding substitute care for children who must live apart from their family, working toward reuniting the child and family, and if that is not possible, securing an alternative living arrangement which will provide permanency for the child.

Family Foster Care takes place in the home of an agency-approved family. The development of alternative resources such as the Families and Children Together Services (FACTS), Family Preservation Program, Kinship Care, and Preventative Assistance has reduced the trend of more children placed in out-of-home care.

Foster Parent Training, provided by DCBS staff and contractors, is required of all foster parents. Foster parents must complete 30 hours prior to approval and placement of a child and also are required to attend annual in-service training. Parents serving special needs or medically fragile children and those from family treatment homes are required to complete additional training. Care Plus Homes provide a setting where intensively trained foster parents furnish a viable alternative placement resource for children and youth who have serious emotional problems, are due to be released from treatment facilities, display aggressive or destructive behaviors or other disruptive behaviors, are at risk of being placed in more restrictive settings, are at risk of institutionalization, or have experienced numerous placement failures. Medically Fragile Foster Care serves children who need medical treatment and continuous monitoring but do not necessarily require the daily services of a nurse or doctor. Foster parents caring for these children are provided an increased reimbursement and must meet additional training and certification requirements.

Care Plus Homes provide a setting whereby intensively trained foster parents furnish a viable alternative placement resource for children and youth who have serious emotional problems, are due to be released from treatment facilities, display aggressive or destructive behaviors or other disruptive behaviors, are at risk of being placed in more restrictive settings, are at risk of institutionalization, or have experienced numerous placement failures.

Medically Fragile Foster Care is specifically designed to serve children who need medical treatment and continuous monitoring but do not necessarily require the daily services of a nurse or doctor.

Independent Living services are specialized services, including classroom and experiential training, designed to enhance the self-sufficiency skills of older children in foster care, private child care, and other state funded living arrangements. Services are provided both directly by staff and by contract agencies. As they complete each phase of the training, youth receive a stipend. In addition, youth ages 18-21 who were formerly in care may receive room and board assistance for a limited time.

Private Child Caring/Child Placing services and emergency shelter services are essential components of a protective service

program that provides temporary placement services for children who are unable to remain in their own homes because of severe abuse, neglect, exploitation, abandonment, and/or because they have specialized treatment needs.

Adoption is the legal process by which a child becomes a legal child of a person or persons other than his/her biological parents. The department provides services prior to adoption in order to bring children and families together and services after adoption through after-placement supervisory services and adoption assistance.

Intensive Family Based Services are cost effective, home-based alternatives to institutionalization for children who are dually diagnosed. Services are provided through contracts with local comprehensive care centers or other appropriate contractor and may include in-home services, family therapy, respite care, behavior management and consultation, and individual counseling.

Psychiatric services provide 24-hour care to DCBS committed children and youth with behavioral health or mental health issues. Services are provided by various psychiatric hospitals and psychiatric residential treatment facilities throughout Kentucky.

The IMPACT Plus Program provides services for children who require treatment due to emotional diagnoses. Medicaid funds support these services through agreements with specific providers. This program seeks to divert services from inpatient settings to the community level. All children in the IMPACT Plus Program have a team of parents, educators, therapists, social services workers, and others who meet to identify services that will meet the children's unique treatment needs. A health benefits administrator, contracted by the Department for Medicaid Services, certifies children as IMPACT Plus eligible and approves payment for services.

Policy

The Executive Budget includes General Fund in the amount of \$91,000 in fiscal year 2010 for debt service to support \$2,000,000 in new bonds for Brooklawn Child and Family Services.

**Health and Family Services
Aging and Independent Living**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	32,954,000	42,114,100	47,163,900	29,978,100	30,014,800
Salary Compensation Fund	11,900				
Total General Fund	32,965,900	42,114,100	47,163,900	29,978,100	30,014,800
Restricted Funds					
Balance Forward	438,800				
Current Receipts	10,150,800	10,621,700	10,631,500	1,965,600	1,965,600
Non-Revenue Receipts	550,000	579,200	579,200	550,000	550,000
Total Restricted Funds	11,139,600	11,200,900	11,210,700	2,515,600	2,515,600
Federal Funds					
Balance Forward	87,600				
Current Receipts	20,928,900	21,469,100	21,246,900	20,337,000	20,375,000
Total Federal Funds	21,016,500	21,469,100	21,246,900	20,337,000	20,375,000
TOTAL SOURCE OF FUNDS	65,122,000	74,784,100	79,621,500	52,830,700	52,905,400
EXPENDITURES BY CLASS					
Personnel Cost	2,127,100	3,047,000	3,390,300	1,976,300	2,039,100
Operating Expenses	219,500	586,400	593,000	198,600	198,600
Grants, Loans or Benefits	62,775,400	71,150,700	75,638,200	50,655,800	50,667,700
TOTAL EXPENDITURES	65,122,000	74,784,100	79,621,500	52,830,700	52,905,400
EXPENDITURES BY FUND SOURCE					
General Fund	32,965,900	42,114,100	47,163,900	29,978,100	30,014,800
Restricted Funds	11,139,600	11,200,900	11,210,700	2,515,600	2,515,600
Federal Funds	21,016,500	21,469,100	21,246,900	20,337,000	20,375,000
TOTAL EXPENDITURES	65,122,000	74,784,100	79,621,500	52,830,700	52,905,400
EXPENDITURES BY UNIT					
Aging and Independent Living	65,122,000	74,784,100	79,621,500	52,830,700	52,905,400
TOTAL EXPENDITURES	65,122,000	74,784,100	79,621,500	52,830,700	52,905,400

The Department for Aging and Independent Living (DAIL) contributes to building self-sustaining families and improving the quality of life for Kentuckians through an array of community-based services designed to help older persons and adults with disabilities remain independent in the least restrictive environment. The Department also provides counseling and support services to family caregivers to enable them to provide quality care to older persons while fulfilling other family and employment responsibilities. In carrying out its functions, DAIL emphasizes successful aging, planning for an aging society, and continued involvement of older persons and disabled adults in every aspect of the community.

The Department for Aging and Independent Living is designated as the State Unit on Aging by the Federal Administration on Aging. In accordance with the Older Americans Act Amendments of 1965 as amended through December 2000 and 45 CFR 1321, the Department is responsible for aging issues on behalf of all older persons in Kentucky. It is required to carry out a wide range of functions related to service delivery, advocacy, planning, coordination, interagency linkages, information-sharing, brokering, and evaluation. These functions are intended to focus on the development or enhancement of comprehensive and coordinated community-based service systems designed to help elderly and disabled adult Kentuckians maintain independence and dignity in their own homes and communities. This focus on community-based alternatives is consistent with Kentucky's plan developed in response to the Supreme Court's Olmstead decision and the Department's State Plan.

The Department for Aging and Independent Living administers statewide programs; develops the State Plan on Aging; allocates funds to the 15 Area Agencies on Aging (AAA); and approves AAA program plans, amendments, budgets, and contracts for local provision of aging services. It provides education, training, benefits counseling, information and assistance to respond to the needs of senior citizens and service providers. DAIL focuses on issues of Alzheimer's disease and works with other Alzheimer's disease agencies and associations to develop services, provide public education, and train and support caregivers. The Department provides opportunities for older persons and programs to participate in public policy development; prepares grant requests for current programs and new projects; and functions as a clearinghouse for the flow of information to senior citizens, disabled adults, policymakers, and the public.

Services and leadership provided by the Department for Aging and Independent Living in partnership with stakeholders promote and safeguard the health and well-being of all Kentuckians. The Department's role is to guide our citizens toward achievement of a health status and quality of life above the national norm through the design and implementation of an accessible, seamless, community-based health care system that addresses the needs of older persons and persons with disabilities, including those with long-term needs.

Policy

The Executive Budget includes Restricted Funds in the amount of \$550,000 each fiscal year to continue the Long-Term Care Ombudsman program.

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Justice and Public Safety

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Justice and Public Safety

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	604,549,900	843,860,900	887,049,700	632,538,700	661,765,800
Current Year Appropriation	28,893,700				
Continuing Appropriation	205,600				
Budget Reduction	-629,000				
Salary Compensation Fund	7,178,200	48,000	48,000		
Mandated Allotments	12,810,600				
Total General Fund	653,009,000	843,908,900	887,097,700	632,538,700	661,765,800
Tobacco Settlement-Phase I					
Tobacco Settlement - I	1,923,400	2,195,100	2,195,100	1,923,400	1,923,400
Continuing Appropriation	271,700				
Total Tobacco Settlement-Phase I	2,195,100	2,195,100	2,195,100	1,923,400	1,923,400
Restricted Funds					
Balance Forward	8,217,400	6,958,921	5,773,698	5,127,300	3,825,900
Current Receipts	44,381,800	41,409,000	41,808,000	44,344,000	44,492,500
Non-Revenue Receipts	68,282,400	77,926,100	81,011,800	71,013,600	73,150,000
Fund Transfers	-2,367,400				
Total Restricted Funds	118,514,200	126,294,021	128,593,498	120,484,900	121,468,400
Federal Funds					
Balance Forward	3,201,200	4,931,245	7,982,700	5,085,600	8,051,800
Current Receipts	46,288,300	50,485,955	50,466,800	46,111,700	45,998,000
Non-Revenue Receipts		71,100	76,600		
Total Federal Funds	49,489,500	55,488,300	58,526,100	51,197,300	54,049,800
Road Fund					
Regular Appropriation	63,881,500	73,399,400	76,297,500	63,881,500	63,881,500
Total Road Fund	63,881,500	73,399,400	76,297,500	63,881,500	63,881,500
TOTAL SOURCE OF FUNDS	887,089,300	1,101,285,721	1,152,709,898	870,025,800	903,088,900
EXPENDITURES BY CLASS					
Personnel Cost	489,355,300	687,485,700	730,806,100	492,651,500	506,586,700
Operating Expenses	104,757,900	126,303,900	121,384,200	100,253,100	99,200,500
Grants, Loans or Benefits	271,598,700	260,979,200	275,773,300	259,251,000	276,612,400
Debt Service	3,373,800	3,376,400	3,378,100	3,376,400	5,402,100
Capital Outlay	7,490,700	15,369,400	10,633,800	2,616,100	2,552,100
Construction	300,000				
TOTAL EXPENDITURES	876,876,400	1,093,514,600	1,141,975,500	858,148,100	890,353,800
EXPENDITURES BY FUND SOURCE					
General Fund	653,009,000	843,908,900	887,097,700	632,538,700	661,765,800
Tobacco Settlement-Phase I	2,195,100	2,195,100	2,195,100	1,923,400	1,923,400
Restricted Funds	113,386,900	124,720,323	127,153,400	116,659,000	119,788,000
Federal Funds	44,403,900	49,288,900	49,104,800	43,145,500	42,995,100
Road Fund	63,881,500	73,399,400	76,297,500	63,881,500	63,881,500
TOTAL EXPENDITURES	876,876,400	1,093,512,623	1,141,848,500	858,148,100	890,353,800
EXPENDITURES BY UNIT					
Justice Administration	31,057,100	33,734,600	34,502,800	28,470,200	28,623,100
Criminal Justice Training	48,686,800	59,846,500	61,780,600	52,471,800	54,488,600
Juvenile Justice	115,165,100	143,676,300	151,084,800	111,859,400	113,150,200
State Police	160,220,100	247,534,100	250,377,800	150,293,200	153,697,700
Corrections	459,861,500	509,500,300	538,783,500	454,614,100	478,657,400
Vehicle Enforcement	21,515,500	31,522,700	34,626,900	21,414,100	21,397,300
Public Advocacy	40,370,300	67,698,123	70,692,100	39,025,300	40,339,500

TOTAL EXPENDITURES

876,876,400	1,093,512,623	1,141,848,500	858,148,100	890,353,800
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The Kentucky Justice Cabinet was created in 1974 pursuant to KRS 15A.010. On March 23, 2007, Senate Bill 144 amended KRS 15A.020 (effective June 26, 2007) to allow the Justice Cabinet to be renamed to the Justice & Public Safety Cabinet, created the Office of Drug Control Policy within the cabinet, delineated the independent aspects of the Department of Public Advocacy's operation with the Cabinet, and transferred the Division of Motor Vehicle Enforcement from the Transportation Cabinet to a new department within Justice named Kentucky Vehicle Enforcement.

The Cabinet is comprised of seven departments:

- Department of Justice Administration
- Department of Kentucky Vehicle Enforcement
- Department for Public Advocacy
- Department of Kentucky State Police
- Department of Juvenile Justice
- Department of Criminal Justice Training
- Department of Corrections

**Justice and Public Safety
Justice Administration**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	13,946,400	17,326,700	18,131,200	12,546,800	12,684,200
Budget Reduction	-140,500				
Salary Compensation Fund	96,600				
Total General Fund	13,902,500	17,326,700	18,131,200	12,546,800	12,684,200
Tobacco Settlement-Phase I					
Tobacco Settlement - I	1,923,400	2,195,100	2,195,100	1,923,400	1,923,400
Continuing Appropriation	271,700				
Total Tobacco Settlement-Phase I	2,195,100	2,195,100	2,195,100	1,923,400	1,923,400
Restricted Funds					
Balance Forward	2,461,600	843,500	151,100	565,000	272,300
Current Receipts	1,054,700	1,072,300	1,072,300	1,379,400	1,466,100
Non-Revenue Receipts	3,195,400	3,387,900	3,411,300	3,328,700	3,336,200
Fund Transfers	-329,900				
Total Restricted Funds	6,381,800	5,303,700	4,634,700	5,273,100	5,074,600
Federal Funds					
Balance Forward	1,964,600	4,494,600	7,982,700	4,494,600	7,973,500
Current Receipts	11,672,700	12,548,300	12,159,900	12,478,100	12,089,700
Total Federal Funds	13,637,300	17,042,900	20,142,600	16,972,700	20,063,200
TOTAL SOURCE OF FUNDS	36,116,700	41,868,400	45,103,600	36,716,000	39,745,400
EXPENDITURES BY CLASS					
Personnel Cost	16,267,600	17,850,600	18,676,700	14,769,100	14,926,700
Operating Expenses	2,508,700	2,148,600	2,148,800	1,683,200	1,683,500
Grants, Loans or Benefits	12,249,600	13,486,800	13,486,800	11,866,800	11,866,800
Capital Outlay	31,200	248,600	190,500	151,100	146,100
TOTAL EXPENDITURES	31,057,100	33,734,600	34,502,800	28,470,200	28,623,100
EXPENDITURES BY FUND SOURCE					
General Fund	13,902,500	17,326,700	18,131,200	12,546,800	12,684,200
Tobacco Settlement-Phase I	2,195,100	2,195,100	2,195,100	1,923,400	1,923,400
Restricted Funds	5,816,800	5,152,600	5,116,300	5,000,800	5,007,000
Federal Funds	9,142,700	9,060,200	9,060,200	8,999,200	9,008,500
TOTAL EXPENDITURES	31,057,100	33,734,600	34,502,800	28,470,200	28,623,100
EXPENDITURES BY UNIT					
Secretary	5,385,100	6,637,000	6,942,100	4,836,800	4,946,600
Office of Drug Control Policy	8,652,400	8,792,400	8,794,500	6,698,600	6,672,100
Medical Examiner Program	4,120,400	4,843,000	5,066,300	4,093,400	4,037,100
Parole Board	1,842,400	2,283,800	2,449,300	1,914,400	2,018,300
Grants	9,731,200	9,988,500	10,037,300	9,796,300	9,810,800
Criminal Justice Council	273,600	337,900	361,300	278,700	286,200
Motorcycle Training Program	1,052,000	852,000	852,000	852,000	852,000
TOTAL EXPENDITURES	31,057,100	33,734,600	34,502,800	28,470,200	28,623,100

The Department of Justice Administration is comprised of the Office of the Secretary, Office of Management and Administrative Services, Office of Investigations, Office of Legal Services, Office of Legislative and Intergovernmental Services, Office of Drug Control Policy, Office of the Kentucky State Medical Examiner, and the Parole Board. The Department is responsible for the overall administration of the Justice and Public Safety Cabinet, coordinating the activities of the various departments, boards, and branches.

The Office of the Secretary includes the Secretary, Deputy Secretary, Office of Investigations, Office of Legal Services, and Office of Management and Administrative Services for the Justice and Public Safety Cabinet. The Office of the Secretary is responsible for the administration of the Cabinet, provision of legal services, development of legislation, regulation, policy, and coordination of activities within and among the Cabinet departments and agencies.

The Office of Management and Administrative Services is responsible for communications, personnel, budget and fiscal policy, and information technology coordination. Attached to the Office of Management and Administrative Services is the Grants Management Branch. Duties of the Grants Management Branch include the receipt and distribution of Federal Funds throughout the Cabinet, such as the Justice Assistance Grants (JAG) program, the Victims of Crime Act (VOCA) and the Violence Against Women Act (VAWA) programs. The Branch also administers the state Law Enforcement DUI Service Fee program.

The Office of Legislative and Intergovernmental Services, Criminal Justice Council, established in KRS 15A.040, advises and recommends to the Governor and the General Assembly policies and direction for long-range planning regarding all elements of the criminal justice system. The Council has representatives from: law enforcement, the judiciary, corrections, prosecution bar, defense bar, legislature, professional associations, crime victims, victim advocates, and universities. The Secretary of the Justice and Public Safety Cabinet serves ex-officio as Chair of the Council. The Council carries out criminal justice planning for the Executive, Legislative, and Judicial Branches of government.

The Office of Drug Control Policy, established in July of 2004, is responsible for all matters relating to the research, coordination, and execution of drug control policy for the Commonwealth. The Office directs state and federally funded programs that focus on prevention/education, enforcement, and treatment to ensure a united effort among law enforcement initiatives to address drug abuse in Kentucky.

The Parole Board is an independent, autonomous agency attached to Justice Administration for administrative purposes. The seven-member Board reviews and applies release review authority to all convicted felons per KRS 439. The Board notifies crime victims of pending parole decisions and, upon request, meets with the victims.

The Office of the Kentucky State Medical Examiner, in accordance with KRS 72.210-275, provides forensic specialists who assist the county coroners' offices (120 counties) and law enforcement officials in conducting medico-legal investigations. The Medical Examiner provides professional support for physicians, a forensic anthropologist, chief and deputy medical examiners, regional medical examiners, and contractual services with the Universities of Kentucky and Louisville for facilities, equipment, histology services, radiology services, and medico-legal autopsy assistants. The staff also provides assistance to the Criminal Justice Training program with curriculum for coroners and law enforcement officers. Branch offices and autopsy facilities are operated in Frankfort, Louisville, Northern Kentucky, and Madisonville.

Policy

The Executive Budget includes \$1,800,000 in Restricted Funds in each fiscal year for regional drug courts in Kentucky's coal producing counties.

The Executive Budget includes Restricted Funds of \$1,250,000 in both years of the biennium for Operation UNITE.

**Justice and Public Safety
Criminal Justice Training**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	711,100	831,400			
Current Receipts	467,700	495,300	505,700	467,700	467,700
Non-Revenue Receipts	47,566,000	56,491,000	59,212,800	50,046,700	52,058,000
Fund Transfers	-2,000,000				
Total Restricted Funds	46,744,800	57,817,700	59,718,500	50,514,400	52,525,700
Federal Funds					
Current Receipts	1,942,000	1,957,700	1,985,500	1,957,400	1,962,900
Non-Revenue Receipts		71,100	76,600		
Total Federal Funds	1,942,000	2,028,800	2,062,100	1,957,400	1,962,900
TOTAL SOURCE OF FUNDS	48,686,800	59,846,500	61,780,600	52,471,800	54,488,600
EXPENDITURES BY CLASS					
Personnel Cost	16,969,600	21,694,800	22,797,000	17,536,700	17,785,700
Operating Expenses	2,668,300	2,812,100	2,732,700	2,649,800	2,649,800
Grants, Loans or Benefits	25,135,800	31,632,900	32,723,500	28,919,600	30,685,700
Debt Service	3,333,100	3,335,700	3,337,400	3,335,700	3,337,400
Capital Outlay	280,000	371,000	190,000	30,000	30,000
Construction	300,000				
TOTAL EXPENDITURES	48,686,800	59,846,500	61,780,600	52,471,800	54,488,600
EXPENDITURES BY FUND SOURCE					
Restricted Funds	46,744,800	57,817,700	59,718,500	50,514,400	52,525,700
Federal Funds	1,942,000	2,028,800	2,062,100	1,957,400	1,962,900
TOTAL EXPENDITURES	48,686,800	59,846,500	61,780,600	52,471,800	54,488,600
EXPENDITURES BY UNIT					
Kentucky Law Enforcement Program Fund	45,670,000	56,643,100	58,507,600	49,436,400	51,440,100
Peace Officer Professional Standards	610,300	682,500	708,400	613,500	621,100
Special Training Programs	2,406,500	2,520,900	2,564,600	2,421,900	2,427,400
TOTAL EXPENDITURES	48,686,800	59,846,500	61,780,600	52,471,800	54,488,600

The Department of Criminal Justice Training (DOCJT) is responsible for the training of law enforcement professionals as provided under Kentucky Revised Statutes, Chapters 15, 15A, 16, 70, 72, 95, and KRS 403.785(2), along with 500 KAR 8:010. Basic and specialized training courses are offered to police officers, dispatchers, sheriffs, deputies, coroners, and certain other agencies upon request. Course curriculum includes training in basic law enforcement, telecommunications, coroner training, AIDS, child sexual abuse, domestic violence, bias-related crimes, legal and constitutional law, police tactical training, professional development, executive and staff training, leadership development, and breath testing. Training is conducted at the Training Center on the Eastern Kentucky University campus and at regional sites.

The DOCJT operates two training programs: the Kentucky Law Enforcement Foundation Program Fund (KLEFPF), and the Special Training programs with the Peace Officers Professional Standards office. The KLEFPF agency resources are derived from insurance premium surcharge proceeds, which accrue pursuant to KRS 136.392, and are allocated by KRS 42.190 between the KLEFPF and the Kentucky Firefighters Foundation Program Fund. The Department provides entry-level and in-

service training for approximately 12,000 students each year.

Policy

The enacted budget provides funding for approximately 7,605 training incentive stipend recipients in fiscal year 2008 and a two percent growth in recipients in the 2008-2010 biennium.

Justice and Public Safety

Juvenile Justice

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	85,724,900	115,214,100	122,622,600	82,283,600	82,503,800
Salary Compensation Fund	1,216,300				
Total General Fund	86,941,200	115,214,100	122,622,600	82,283,600	82,503,800
Restricted Funds					
Balance Forward	1,798,100	2,796,098	2,949,898	2,835,800	1,952,100
Current Receipts	3,058,000	3,058,000	3,058,000	3,058,000	3,058,000
Non-Revenue Receipts	11,938,000	11,938,000	11,938,000	11,938,000	11,938,000
Total Restricted Funds	16,794,100	17,792,098	17,945,898	17,831,800	16,948,100
Federal Funds					
Balance Forward	1,236,600	436,645		591,000	78,300
Current Receipts	13,620,000	13,183,355	13,620,000	13,183,400	13,620,000
Total Federal Funds	14,856,600	13,620,000	13,620,000	13,774,400	13,698,300
TOTAL SOURCE OF FUNDS	118,591,900	146,626,198	154,188,498	113,889,800	113,150,200
EXPENDITURES BY CLASS					
Personnel Cost	76,240,300	101,119,000	108,465,300	79,995,300	81,368,300
Operating Expenses	12,778,900	14,470,300	14,449,600	10,932,800	10,802,600
Grants, Loans or Benefits	26,145,900	28,087,000	28,169,900	20,931,300	20,979,300
TOTAL EXPENDITURES	115,165,100	143,676,300	151,084,800	111,859,400	113,150,200
EXPENDITURES BY FUND SOURCE					
General Fund	86,941,200	115,214,100	122,622,600	82,283,600	82,503,800
Restricted Funds	13,958,300	14,842,200	14,842,200	15,879,700	16,948,100
Federal Funds	14,265,600	13,620,000	13,620,000	13,696,100	13,698,300
TOTAL EXPENDITURES	115,165,100	143,676,300	151,084,800	111,859,400	113,150,200
EXPENDITURES BY UNIT					
Program Management	1,119,300	1,432,500	1,526,300	1,070,500	1,096,600
Program Operations	106,038,800	132,458,500	138,749,500	102,174,200	103,438,900
Support Services	8,007,000	9,785,300	10,809,000	8,614,700	8,614,700
TOTAL EXPENDITURES	115,165,100	143,676,300	151,084,800	111,859,400	113,150,200

The Department of Juvenile Justice operates programs for juvenile crime prevention, detention, and community services, as well as residential facilities for post-adjudicated offenders. All programs are designed primarily for "public" and "youthful" offenders. The Department consists of three programmatic areas: Program Management, Program Operations, and Support Services.

Program Management is comprised of two organizational units which provide management and policy direction for the Department: Office of the Commissioner and Office of Ombudsman. The Office of the Commissioner provides staff support for the Commissioner, which includes public information services. The Office of Ombudsman investigates and resolves grievances filed by those receiving services from the Department.

Program Operations consists of the direct services provided to both public and youthful offenders, through Day Treatment Services, Group Homes, Residential Facilities, Community Supervision, Private Child Care Facilities, Detention Facilities, and Alternatives to Detention. The programs are administered on a regional basis, divided into five separate regions.

Day Treatment Services is comprised of six state-owned and 20 contract programs. These programs are the least restrictive, since the youths remain in a home setting during the evening and attend a day treatment program during the day. A court or school system usually refers a youth to serve in these programs. Day Treatment provides educational alternatives, treatment, and counseling for youths between the ages of 12 and 17. The total capacity of the 26 centers is 919 youths.

Group Home Facilities	County	Beds
Ashland	Boyd	8
Bowling Green	Warren	8
Burnside	Pulaski	8
Frenchburg	Menifee	8
Hopkinsville	Christian	8
London	Laurel	10
Mayfield	Graves	8
Middlesboro	Bell	8
Frankfort	Franklin	8
Westport	Jefferson	8

Group Home Beds = 82

Group Homes are community-based residential treatment facilities that generally serve eight youths per home. These programs accept youths between 12-18 years of age who have been committed to the Department as “public” or “youthful” offenders. Group home care serves as an alternative to institutionalization and aims to transition a youth from institutional placement to the community. The total capacity of ten group homes is 82 youths.

Residential Facilities	City	County	Beds
Northern Kentucky Youth Development Center	Crittenden	Grant	40
Morehead Youth Development Center	Morehead	Rowan	40
Green River Youth Development Center	Cromwell	Butler	40
Audubon Youth Development Center	Louisville	Jefferson	70
Mayfield Youth Development Center	Mayfield	Graves	36
Owensboro Treatment Center	Owensboro	Daviess	30
Lincoln Village Youth Development Center	Elizabethtown	Hardin	40
Lake Cumberland Youth Development Center	Monticello	Wayne	40
Woodsbend Youth Development Center	West Liberty	Morgan	40
Bluegrass Assessment Center	Lexington	Fayette	36
Cadet Leadership Education Program	Jackson	Breathitt	40
Adair Youth Development Center	Columbia	Adair	60

Residential Beds = 512

The 12 state-operated Residential Facilities provide 24-hour care and custody of juveniles who have been committed to the Department as public offenders or sentenced as youthful offenders. These facilities serve youths who are in need of treatment that cannot be provided in their community, or who require placement in a secure setting because they represent a threat to the community. The current capacity of the 12 facilities is 512 youths.

State-operated Detention Centers	County	Beds
Breathitt Regional Juvenile Detention Center	Breathitt	48
McCracken Regional Juvenile Detention Center	McCracken	48
Campbell Regional Juvenile Detention Center	Campbell	52
Adair Youth Development Center	Adair	30
Warren Regional Juvenile Detention Center	Warren	48
Laurel Regional Juvenile Detention Center (currently closed)	Laurel	48
Boyd Regional Juvenile Detention Center	Boyd	36
Hardin Regional Juvenile Detention Center	Hardin	44
Fayette Regional Juvenile Detention Center	Fayette	48

Detention Beds = 354

(This number does not include Laurel RJDC)

Seven state-operated detention centers are currently in operation in Breathitt, McCracken, Campbell, Warren, Hardin, Fayette, and Boyd Counties, and twenty beds are available for detention at the youth development center in Adair County. The Laurel Detention Center is currently closed. Currently, the state provides detention services to 119 counties. Jefferson County continues to operate a local detention program, and it is approved to use these facilities and receive a subsidy payment from the state of \$94 per day for all public and youthful offenders.

Placements less restrictive than detention facilities are provided through contracts with emergency shelters and foster care providers, electronic monitoring, and tracking services. Ten departmental staff members are responsible for the assessment of juveniles in the facilities, and the determination of whether an alternative to detention is appropriate.

Private child care facilities and therapeutic foster care programs are utilized to alleviate facility capacity problems and to provide specialized treatment for youths. Approximately 130-150 juveniles are in these programs on any given day.

Community Services provide services to juvenile offenders. Workers in the community offices develop service objectives and comprehensive service plans for juvenile offenders and their families. These workers supervise over 3,000 juvenile offenders and recommend any necessary out-of-home placements.

The Division of Placement Services, included in the Program Operations area, determines appropriate out-of-home placements for youths committed to the Department of Juvenile Justice.

Support Services, which provides administrative support to all organizational units of the Department, includes: Division of Administrative Services, Division of Program Services, Division of Professional Development, and the Division of Medical Services. The Division of Administrative Services consists of four branches: Personnel, Fiscal, Capital Construction and Real Properties, and Information Systems. The Division of Program Services consists of the Quality Assurance Branch and grant management staff that report directly to the Division Director. The Division of Professional Development consists of the Training Branch. The Medical Division oversees the medical delivery system throughout the Department.

Justice and Public Safety

State Police

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	80,305,900	171,080,800	173,898,200	74,591,800	77,926,400
Current Year Appropriation	2,583,400				
Salary Compensation Fund	696,000				
Total General Fund	83,585,300	171,080,800	173,898,200	74,591,800	77,926,400
Restricted Funds					
Balance Forward	2,207,900	1,937,100	2,036,000	1,213,900	1,213,900
Current Receipts	12,416,800	13,621,400	13,649,600	12,425,300	12,473,600
Non-Revenue Receipts	4,567,300	4,261,000	4,261,000	4,606,300	4,606,300
Total Restricted Funds	19,192,000	19,819,500	19,946,600	18,245,500	18,293,800
Federal Funds					
Current Receipts	8,656,700	8,669,800	8,691,400	8,669,800	8,691,400
Total Federal Funds	8,656,700	8,669,800	8,691,400	8,669,800	8,691,400
Road Fund					
Regular Appropriation	50,000,000	50,000,000	50,000,000	50,000,000	50,000,000
Total Road Fund	50,000,000	50,000,000	50,000,000	50,000,000	50,000,000
TOTAL SOURCE OF FUNDS	161,434,000	249,570,100	252,536,200	151,507,100	154,911,600
EXPENDITURES BY CLASS					
Personnel Cost	122,463,400	195,388,800	206,572,900	118,993,400	123,107,600
Operating Expenses	31,222,800	38,060,600	34,117,700	29,169,900	28,480,200
Grants, Loans or Benefits	462,900	987,900	987,900	462,900	462,900
Capital Outlay	6,071,000	13,096,800	8,699,300	1,667,000	1,647,000
TOTAL EXPENDITURES	160,220,100	247,534,100	250,377,800	150,293,200	153,697,700
EXPENDITURES BY FUND SOURCE					
General Fund	83,585,300	171,080,800	173,898,200	74,591,800	77,926,400
Restricted Funds	17,978,100	17,783,500	17,788,200	17,031,600	17,079,900
Federal Funds	8,656,700	8,669,800	8,691,400	8,669,800	8,691,400
Road Fund	50,000,000	50,000,000	50,000,000	50,000,000	50,000,000
TOTAL EXPENDITURES	160,220,100	247,534,100	250,377,800	150,293,200	153,697,700
EXPENDITURES BY UNIT					
Administration	27,000,200	44,625,300	42,474,600	23,455,100	23,908,700
Technical Services	32,616,200	43,595,300	42,947,100	30,554,300	30,776,200
Operations	100,603,700	159,313,500	164,956,100	96,283,800	99,012,800
TOTAL EXPENDITURES	160,220,100	247,534,100	250,377,800	150,293,200	153,697,700

The Kentucky State Police is the statewide law enforcement agency of the Commonwealth. The State Police was established in 1948. State Troopers are assigned to 16 regional posts across the State. The Department is responsible for the enforcement of criminal and traffic laws, along with white-collar crime, organized crime, electronic crime, racketeering, and drug-related crime. The State Police also provide protection for the Governor, Lieutenant Governor, their families, and property. The Kentucky State Police is comprised of three divisions: Administrative, Operations, and Technical Services.

The Administrative Division, which includes the Office of the Commissioner, provides professional support services for the Department. These services include organizational policy, personnel, properties management and supplies, payroll,

employee assistance, fiscal, internal investigations, and inspections. Media relations, training, analysis, research, strategic planning, and information coordination are other functions performed in this division. The State Police Drivers Testing Stations, Facilities Security, and Legislative Detail are also part of this division and provide external support to citizens and other public officials of Kentucky.

The Operations Division includes the regional posts and the personnel assigned to each post. State Police posts are maintained in Mayfield, Madisonville, Henderson, Elizabethtown, Bowling Green, Dry Ridge, Frankfort, Campbellsburg, Richmond, Columbia, Morehead, Ashland, Pikeville, Hazard, Harlan, and London. Other functions in this division include highway safety, drug enforcement, vehicle investigation, and special operations.

The Technical Services Division is responsible for providing technical assistance to other departmental areas, along with outside agencies, concerning electronic crimes examination/analysis, records, communications (including headquarters dispatch), criminal history information, intelligence information, automated fingerprint information, and computer technology needs. The Division also has the responsibility of providing forensic analysis for all law enforcement agencies throughout the Commonwealth. The forensic analysis function is supported by the Central Laboratory in Frankfort as well as Regional Laboratories in Ashland, Louisville, Cold Springs, London, and Madisonville.

Policy

The Governor's recommended budget provides Road Fund resources of \$50,000,000 in fiscal year 2009 and \$50,000,000 in fiscal year 2010 for State Police highway enforcement activities.

The Governor's recommended budget includes Restricted Funds of \$4,606,300 in fiscal year 2009 and fiscal year 2010 for a \$3,100 training incentive stipend for state troopers, hazardous devices investigators, legislative security specialists, and Kentucky State Police dispatchers. These funds are provided from the Kentucky Law Enforcement Foundation Program Fund (KLEFPF).

The Governor's recommended budget provides additional General Fund resources of \$1,646,700 in fiscal year 2008, \$1,760,000 in fiscal year 2009, and \$1,936,000 in fiscal year 2010 to accommodate the increased costs of motor fuel.

Justice and Public Safety

Corrections

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	392,686,300	478,627,100	507,666,700	430,176,400	454,273,000
Current Year Appropriation	24,310,300				
Continuing Appropriation	205,600				
Budget Reduction	-487,100				
Salary Compensation Fund	4,841,500				
Mandated Allotments	12,810,600				
Total General Fund	434,367,200	478,627,100	507,666,700	430,176,400	454,273,000
Restricted Funds					
Balance Forward	289,600				
Current Receipts	22,858,300	22,817,400	23,161,000	22,469,000	22,465,700
Total Restricted Funds	23,147,900	22,817,400	23,161,000	22,469,000	22,465,700
Federal Funds					
Current Receipts	2,346,400	8,055,800	7,955,800	1,968,700	1,918,700
Total Federal Funds	2,346,400	8,055,800	7,955,800	1,968,700	1,918,700
TOTAL SOURCE OF FUNDS	459,861,500	509,500,300	538,783,500	454,614,100	478,657,400
EXPENDITURES BY CLASS					
Personnel Cost	212,902,600	278,008,800	294,618,700	218,706,300	225,027,700
Operating Expenses	45,842,500	51,229,800	50,321,500	45,760,300	45,949,900
Grants, Loans or Benefits	200,868,100	180,020,400	193,641,000	189,906,200	205,453,500
Debt Service	40,700	40,700	40,700	40,700	2,064,700
Capital Outlay	207,600	200,600	161,600	200,600	161,600
TOTAL EXPENDITURES	459,861,500	509,500,300	538,783,500	454,614,100	478,657,400
EXPENDITURES BY FUND SOURCE					
General Fund	434,367,200	478,627,100	507,666,700	430,176,400	454,273,000
Restricted Funds	23,147,900	22,817,400	23,161,000	22,469,000	22,465,700
Federal Funds	2,346,400	8,055,800	7,955,800	1,968,700	1,918,700
TOTAL EXPENDITURES	459,861,500	509,500,300	538,783,500	454,614,100	478,657,400
EXPENDITURES BY UNIT					
Corrections Management	7,471,800	13,974,200	14,606,500	6,604,000	8,778,000
Adult Correctional Institutions	285,532,900	326,614,000	346,656,100	285,528,500	301,617,600
Community Services and Local Facilities	150,902,200	152,676,000	161,284,800	148,441,600	154,221,800
Local Jail Support	15,954,600	16,236,100	16,236,100	14,040,000	14,040,000
TOTAL EXPENDITURES	459,861,500	509,500,300	538,783,500	454,614,100	478,657,400

The Department of Corrections, pursuant to KRS 196 - 197, is responsible for the broad range of activities associated with adult criminal incarceration, public safety, inmate rehabilitation, probation and parole, and criminal recidivism. As the largest department in the Justice and Public Safety Cabinet, Corrections has four separate appropriation units: Corrections Management, Community Services and Local Facilities, Adult Institutions, and Local Jail Support. The Department of Corrections utilizes resources from each of these units to provide the necessary balance between public safety and fiscal responsibility. In order to accomplish this, the Department is charged with accommodating a growing inmate population through a balance of community and institutional based solutions.

The Governor's recommended budget for the Department of Corrections incorporates the following array of institutional and community beds to accommodate the projected prison and community felon population under the custody of the Department of Corrections.

2008-2010 Prison and Community Beds

	FY 2008	FY 2009	FY 2010
Jails	7,414	7,752	7,912
Halfway Houses	1,176	1,315	1,515
Electronic Monitoring	300	400	400
Private Prisons	1,602	1,700	2,000
Adult Institutions	12,126	12,126	12,126
TOTAL*	22,618	23,293	23,953
*The above total includes 372 beds for probationers and parolees.			

**Justice and Public Safety
Corrections
Corrections Management**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	7,119,700	12,747,900	13,380,200	6,468,900	8,642,900
Salary Compensation Fund	86,000				
Total General Fund	7,205,700	12,747,900	13,380,200	6,468,900	8,642,900
Restricted Funds					
Current Receipts	128,800	135,100	135,100	135,100	135,100
Total Restricted Funds	128,800	135,100	135,100	135,100	135,100
Federal Funds					
Current Receipts	137,300	1,091,200	1,091,200		
Total Federal Funds	137,300	1,091,200	1,091,200		
TOTAL SOURCE OF FUNDS	7,471,800	13,974,200	14,606,500	6,604,000	8,778,000
EXPENDITURES BY CLASS					
Personnel Cost	5,878,500	10,703,400	11,331,700	5,207,200	5,368,900
Operating Expenses	1,593,300	3,270,800	3,274,800	1,396,800	1,385,100
Debt Service					2,024,000
TOTAL EXPENDITURES	7,471,800	13,974,200	14,606,500	6,604,000	8,778,000
EXPENDITURES BY FUND SOURCE					
General Fund	7,205,700	12,747,900	13,380,200	6,468,900	8,642,900
Restricted Funds	128,800	135,100	135,100	135,100	135,100
Federal Funds	137,300	1,091,200	1,091,200		
TOTAL EXPENDITURES	7,471,800	13,974,200	14,606,500	6,604,000	8,778,000
EXPENDITURES BY UNIT					
Commissioner	2,908,100	6,198,200	6,479,700	2,096,000	2,117,700
Corrections Training	1,653,500	3,024,700	3,139,100	1,654,100	1,699,700
Administrative Services	1,712,500	3,178,400	3,309,100	1,605,700	3,675,200
Division of Personnel	1,197,700	1,572,900	1,678,600	1,248,200	1,285,400
TOTAL EXPENDITURES	7,471,800	13,974,200	14,606,500	6,604,000	8,778,000

Corrections Management provides the administrative and management functions for the Department of Corrections. These functions are achieved through six program areas: Office of the Commissioner, Division of Personnel, Division of Corrections Training, Division of Administrative Services, Debt Service, and Division of Correctional Industries.

The Office of the Commissioner provides departmental management and administrative support necessary for the Commissioner of Corrections to conduct statutorily assigned duties pursuant to KRS 196 and 197. The Office conducts centralized personnel and budgeting functions. The Commission on Corrections/Community Services is administratively attached to the Office. Also attached to the Office of the Commissioner is the Office of the Deputy Commissioner for Support Services, responsible for the Division of Corrections Training and Division of Administrative Services. The Information Technology and Offender Records Branch as well as the Victim Notification/Victims Services Branch are also under the Office of the Deputy Commissioner of Support Services.

The Division of Corrections Training, referenced in KRS 12.020, 16.090, 441.055, and 441.115, is responsible for developing curriculum and providing job training to corrections employees including staff in the county jails. Instruction is provided through the Basic Academy program, the Common Core/Officer In-service program, Jail Training programs, and various specialized programs.

The Division of Administrative Services, referenced in KRS 12.020, is comprised of two branches that provide support services to the entire Department in accounting and purchasing, property inventory, and budgeting. The Division of Administrative Services also includes the Contract Management Branch, which is charged with the responsibility for administering the contracts for the Commonwealth's privately operated correctional facilities. These private facilities include three contracted adult institutions (authorized and governed by KRS 197.500-525) - the Lee Adjustment Center, a 390-bed medium security institution located near Beattyville, the Marion Adjustment Center, an 826-bed minimum security institution located at St. Mary's, and the Otter Creek Correctional Complex, a 476-bed female facility located near Wheelwright. This branch also oversees contracts with 19 halfway houses located across the state which provide housing for approximately 1,207 community custody inmates and parolees.

Policy

The Governor's recommended budget provides debt service in the amount of \$2,024,000 in fiscal year 2010 for Phase II of the Little Sandy Correctional Complex in Elliott County. This project will expand the capacity by 816 beds.

Justice and Public Safety
Corrections
Adult Correctional Institutions

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	239,190,200	299,216,100	318,964,600	264,090,700	280,179,800
Current Year Appropriation	19,276,500				
Salary Compensation Fund	4,012,400				
Total General Fund	262,479,100	299,216,100	318,964,600	264,090,700	280,179,800
Restricted Funds					
Balance Forward	282,000				
Current Receipts	20,868,100	20,813,300	21,156,900	19,534,100	19,534,100
Total Restricted Funds	21,150,100	20,813,300	21,156,900	19,534,100	19,534,100
Federal Funds					
Current Receipts	1,903,700	6,584,600	6,534,600	1,903,700	1,903,700
Total Federal Funds	1,903,700	6,584,600	6,534,600	1,903,700	1,903,700
TOTAL SOURCE OF FUNDS	285,532,900	326,614,000	346,656,100	285,528,500	301,617,600
EXPENDITURES BY CLASS					
Personnel Cost	174,308,400	222,746,700	235,909,000	180,014,900	185,176,400
Operating Expenses	39,922,900	41,143,200	41,276,100	40,014,200	40,265,200
Grants, Loans or Benefits	71,053,300	62,521,800	69,268,700	65,297,100	75,973,700
Debt Service	40,700	40,700	40,700	40,700	40,700
Capital Outlay	207,600	161,600	161,600	161,600	161,600
TOTAL EXPENDITURES	285,532,900	326,614,000	346,656,100	285,528,500	301,617,600
EXPENDITURES BY FUND SOURCE					
General Fund	262,479,100	299,216,100	318,964,600	264,090,700	280,179,800
Restricted Funds	21,150,100	20,813,300	21,156,900	19,534,100	19,534,100
Federal Funds	1,903,700	6,584,600	6,534,600	1,903,700	1,903,700
TOTAL EXPENDITURES	285,532,900	326,614,000	346,656,100	285,528,500	301,617,600
EXPENDITURES BY UNIT					
Institutions Operations	2,564,400	3,085,600	3,266,400	2,248,000	2,248,000
Medical Services	48,733,800	45,560,400	47,459,000	50,716,400	55,755,000
Education	2,499,100	4,963,700	4,969,400	958,400	958,400
Correctional Industries	15,714,900	16,809,700	17,247,900	15,298,900	15,298,900
Correctional Facilities	178,521,000	218,025,800	229,131,200	179,307,000	184,347,800
Mental Health	9,902,800	15,646,100	16,355,400	10,175,600	10,444,200
Private Prisons	27,596,900	22,522,700	28,226,800	26,824,200	32,565,300
TOTAL EXPENDITURES	285,532,900	326,614,000	346,656,100	285,528,500	301,617,600

Adult Correctional Institutions is comprised of 13 state correctional facilities and three privately contracted facilities for adult felon offenders. Five additional programmatic areas serve all institutions and their incarcerated populations: the Division of Operations, the Division of Mental Health, Education programs, Inmate Medical Services, and the Division of Correctional Facilities.

The Division of Operations, pursuant to KRS 197.505, 197.065, 196.240, and 197.110, supervises and directs the following activities: classification and placement of inmates, coordination of academic and technical programs, coordination of

dietary and health programs for state owned facilities, and coordination of security threat group information.

The Division of Mental Health is responsible for providing mental health treatment services to Kentucky's incarcerated, paroled, and probated populations. The Division is comprised of four units: alcohol and other substance abuse treatment programs, sex offender treatment programs (which are governed by KRS 197.400-440), the Sex Offender Risk Assessment Unit, and psychiatric and psychological out patient services.

Inmate Medical Services, pursuant to KRS 197.020, provides necessary health services to inmates committed to the Department. Services are performed at each institutional location through institutional medical staff, personal service contracts, and outside referrals to local specialists and hospitals. The provision of medical services is monitored, authorized, and reviewed by a system-wide Medical Director. Beneficiaries of the Division of Inmate Medical Services also include the state inmates housed in local jails who are able to participate in the healthcare network administered through the Division. County jail inmates are now beneficiaries of the healthcare network in accordance with House Bill 191.

Kentucky Correctional Industries (KCI), as authorized by KRS 197.200, produces goods and services employing inmate labor. Kentucky Correctional Industries is a self-supporting operation, receiving only restricted funds for operations in nine of the Department's state-operated institutions. Twenty-three separate plants produce products and provide services such as office furniture, recycling, license tags, janitorial products, printing, mattresses, ergonomic chairs, signage, furniture refurbishing, and office panel systems. Data entry, coupon sorting, Braille printing services, and mail services are also offered by KCI.

Also administered by the Division of Correctional Industries is the Institutional Farm program. Farm programs are currently operated at Blackburn Correctional Complex, Northpoint Training Center, Roederer Correctional Complex, and Western Kentucky Correctional Complex. Current farm operations consist of cattle (including commercial cattle and a prime Registered Angus herd), grain, hay, orchards, vegetables, and freshwater shrimp. The farm program also has a working agreement with the Thoroughbred Retirement Foundation, and operates a refuge for retired thoroughbred horses at the Blackburn Correctional Complex.

Correctional Institutions

Kentucky State Reformatory (KSR) is a medium security institution with an operational capacity of 2,000 inmates located near LaGrange in Oldham County. The inmate population is divided into four segments: general population, special management unit, nursing care facility, and mental health unit. Since 1980, KSR has converted designated living areas into single cell facilities and opened a new 150-bed mental health unit during 1998. In 1995 KSR opened the Nursing Care Facility which houses inmates in need of medical care due to their medical condition.

Kentucky State Penitentiary (KSP) is a maximum security institution with an operational capacity of 904 inmates, located near Eddyville in Lyon County. The inmate population is separated into three major groups: general population, protective custody, and disciplinary/administrative segregation. KSP also houses the state's capital punishment unit.

Blackburn Correctional Complex (BCC) is a minimum security institution with an operational capacity of 594 inmates located near Lexington in Fayette County. The institution programmatically directs inmates to halfway houses or returns the inmate to the community by parole, based upon the individual's demonstrated conduct, program performance, and need.

Bell County Forestry Camp (BCFC) is a minimum security institution with an operational capacity of 300 inmates located near Pineville in Bell County. The institution provides manpower to the Division of Forestry for fire suppression in Bell and seven surrounding counties during fire season along with road, highway garage, and community service details.

Kentucky Correctional Institution for Women (KCIW), the only state institutional facility for women in the Commonwealth, is located in PeeWee Valley in Shelby County, and has an operational capacity of 717 inmates. All levels of security and all levels of medical services must be provided since virtually all female prisoners are housed at KCIW.

Frankfort Career Development Center (FCDC) is a minimum security institution with an operational capacity of 205 inmates located in Frankfort in Franklin County. The institution primarily provides inmate labor to state government agencies in Frankfort at approximately 30 governmental work locations.

Eastern Kentucky Correctional Complex (EKCC) is a medium security institution with an operational capacity of 1,674 inmates located near West Liberty in Morgan County. The facility is the second largest correctional institution in the state, providing inmates with employment opportunities, academic resources, and vocational programs.

Western Kentucky Correctional Complex (WKCC) is a medium security institution with an operational capacity of 670 inmates located near Caldwell County. The institution operates a full farm operation on 2,500 acres, a community work program for surrounding parks and cities, and the Correctional Industries recycling program serving the surrounding counties.

Roederer Correctional Complex (RCC) is a medium security institution with an operational capacity of 1,002 inmates located near LaGrange in Oldham County. The institution operates the Department's Assessment and Classification

Center, serving all incoming male inmates with the exception of inmates sentenced to capital punishment. The institution also operates a full farm operation on approximately 2,800 acres.

Luther Lockett Correctional Complex (LLCC) is a medium security institution with an operational capacity of 1,102 inmates, also located near LaGrange in Oldham County. The facility houses two separate institutions: the Department of Correction's prison facility and the Cabinet for Health and Family Services' Kentucky Correctional Psychiatric Center (KCPC). Due to KCPC, the inmate population has a variety of psychological, pharmaceutical, recreational, academic, vocational, and substance abuse programs available.

Green River Correctional Complex (GRCC) is a medium security institution with an operational capacity of 943 inmates located near Central City in Muhlenberg County.

Northpoint Training Center (NTC) is a medium security institution with an operational capacity of 1,226 inmates located near Danville in Boyle County. The institution operates a prison farm, along with counseling, academic, and vocational programs.

Little Sandy Correctional Complex (LSCC) is the state's newest correctional institution. The new institution, which opened in June 2005, is located near Sandy Hook in Elliott County and has an operational capacity of 1,022 inmates. Programming at the new institution consists of basic educational and vocational training classes, as well as psychological services. Correctional industries programs are planned in the near future.

Policy

The Governor's recommended budget provides \$19,276,500 in fiscal year 2008 to accommodate fiscal year 2007 old year bills associated with inmate medical costs, higher utility expenses, and a higher inmate population.

The Governor's recommended budget provides General Fund resources in the amount of \$50,701,400 in fiscal year 2009 and a total of \$55,740,000 in fiscal year 2010 for inmate medical care costs.

The Governor's recommended budget provides General Fund for approximately 150 new private prison beds in fiscal year 2009 and an additional 300 in fiscal year 2010.

Justice and Public Safety
Corrections
Community Services and Local Facilities

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	130,140,300	150,427,000	159,085,800	145,576,800	151,410,300
Current Year Appropriation	5,033,800				
Salary Compensation Fund	743,100				
Mandated Allotments	12,810,600				
Total General Fund	148,727,800	150,427,000	159,085,800	145,576,800	151,410,300
Restricted Funds					
Balance Forward	7,600				
Current Receipts	1,861,400	1,869,000	1,869,000	2,799,800	2,796,500
Total Restricted Funds	1,869,000	1,869,000	1,869,000	2,799,800	2,796,500
Federal Funds					
Current Receipts	305,400	380,000	330,000	65,000	15,000
Total Federal Funds	305,400	380,000	330,000	65,000	15,000
TOTAL SOURCE OF FUNDS	150,902,200	152,676,000	161,284,800	148,441,600	154,221,800
EXPENDITURES BY CLASS					
Personnel Cost	32,681,000	44,524,000	47,343,300	33,449,500	34,447,700
Operating Expenses	3,879,300	6,368,800	5,323,600	3,902,300	3,852,600
Grants, Loans or Benefits	114,341,900	101,744,200	108,617,900	111,050,800	115,921,500
Capital Outlay		39,000		39,000	
TOTAL EXPENDITURES	150,902,200	152,676,000	161,284,800	148,441,600	154,221,800
EXPENDITURES BY FUND SOURCE					
General Fund	148,727,800	150,427,000	159,085,800	145,576,800	151,410,300
Restricted Funds	1,869,000	1,869,000	1,869,000	2,799,800	2,796,500
Federal Funds	305,400	380,000	330,000	65,000	15,000
TOTAL EXPENDITURES	150,902,200	152,676,000	161,284,800	148,441,600	154,221,800
EXPENDITURES BY UNIT					
Probation and Parole Program	35,193,700	49,495,200	51,127,300	35,966,700	36,865,400
Local Facilities Operations	1,038,500	1,411,100	1,507,600	947,500	977,500
Local Facilities - Jail Program	98,910,600	83,479,400	89,056,900	93,570,900	95,502,200
Community Corrections Commission	1,200,000	1,200,000	1,200,000	1,056,000	1,056,000
Halfway Houses	13,546,000	15,924,400	17,220,600	15,637,600	18,557,800
Electronic Monitoring	1,013,400	1,165,900	1,172,400	1,262,900	1,262,900
TOTAL EXPENDITURES	150,902,200	152,676,000	161,284,800	148,441,600	154,221,800

The Community Services and Local Facilities program is comprised of three units which provide the core system of community-based correctional programs to protect the Commonwealth. The three organizational units comprised in this area are the Division of Probation and Parole, the Division for Local Facilities, and Community Corrections.

The Division of Probation and Parole, pursuant to KRS 439.370 and 439.480, through the probation and parole officers in the 19 districts, provides supervision of approximately 38,500 probationers and parolees in the community, investigations of offenders for the courts and parole board, rehabilitative services to offenders, and assistance in employment and home placement. The number of supervised probationers and parolees is projected to grow to approximately 46,300 by the end of the 2008-2010 biennium.

The Division for Local Facilities, as mandated by KRS Chapter 441, is responsible for jail inspection, jail standards review and enforcement regulations, technical assistance to local governments, and approval of construction plans. The Division administers the controlled intake of certain classes of C and D felons, per KRS Chapter 532.

This division is also responsible for payment of local jail per diems, medical per diems, excess medical costs, and inmate labor for the state inmates housed in the Commonwealth's 72 full service jails.

The Community Corrections area is comprised of the Halfway House program, Kentucky Corrections Commissioner, and Electronic Monitoring program. Pursuant to KRS Chapter 439, the Halfway House program provides rehabilitation in community residential correctional centers throughout the Commonwealth where inmates are transitioned prior to their release. Pursuant to KRS Chapter 196, the Kentucky Corrections Commission grants funds for the purpose of assisting judges, throughout the Commonwealth, develop alternatives to incarceration. In accordance with KRS 532.260, the Department of Corrections has initiated the Home Incarceration program (HIP). The average daily population of HIP participants is 194.

Policy

The Governor's recommended budget includes additional General Fund in the amount of \$5,033,800 in fiscal year 2008 to provide payment to local county jails for state felons housed in their facilities.

The Executive Budget includes \$93,570,900 in fiscal year 2009 and \$95,502,200 in fiscal year 2010 for support payments to local jails to house approximately 7,752 inmates in fiscal year 2009, and approximately 7,912 in fiscal year 2010 at a per diem rate of \$33.07.

The Department of Corrections estimates a 13 percent growth in the number of probationers and parolees over the biennium, from 40,800 to 46,300, an increase of 5,500.

The Governor's recommended budget provides additional General Fund resources of \$1,664,800 in fiscal year 2009 to support 140 additional halfway house beds and \$2,449,900 in fiscal year 2010 to support 200 additional halfway house beds.

The Governor's recommended budget provides additional General Fund resources of \$1,262,900 in each fiscal year 2009 and fiscal year 2010 to expand home incarceration to 400 felons.

The Governor's recommended budget provides that in the event that actual local jail per diem payments exceed the amounts provided to support the budgeted average daily population of state felons in county jails for fiscal year 2009 and fiscal year 2010, the payments shall be deemed necessary government expenses and may be paid from the General Fund Surplus Account (KRS 48.700) or the Budget Reserve Trust Fund Account (KRS 48.705).

Notwithstanding KRS 441.605 to 441.695, funds in the amount of \$2,430,800 for fiscal year 2008-2009 and \$2,427,500 for fiscal year 2009-2010 shall be expended from the Kentucky Local Correctional Facilities Construction Authority for local correctional facility and operational support consistent with contractual covenants in accordance with bond indentures of the Authority.

KRS 532.260 allows the Department of Corrections to place felons housed in county jails in home incarceration using an electronic monitoring device. Eligible Class C or D felons must be within 90 days or less from completing their sentence.

**Justice and Public Safety
Corrections
Local Jail Support**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	16,236,100	16,236,100	16,236,100	14,040,000	14,040,000
Continuing Appropriation	205,600				
Budget Reduction	-487,100				
Total General Fund	15,954,600	16,236,100	16,236,100	14,040,000	14,040,000
TOTAL SOURCE OF FUNDS	15,954,600	16,236,100	16,236,100	14,040,000	14,040,000
EXPENDITURES BY CLASS					
Personnel Cost	34,700	34,700	34,700	34,700	34,700
Operating Expenses	447,000	447,000	447,000	447,000	447,000
Grants, Loans or Benefits	15,472,900	15,754,400	15,754,400	13,558,300	13,558,300
TOTAL EXPENDITURES	15,954,600	16,236,100	16,236,100	14,040,000	14,040,000
EXPENDITURES BY FUND SOURCE					
General Fund	15,954,600	16,236,100	16,236,100	14,040,000	14,040,000
TOTAL EXPENDITURES	15,954,600	16,236,100	16,236,100	14,040,000	14,040,000
EXPENDITURES BY UNIT					
Local Jail Allotment	14,245,900	14,527,400	14,527,400	12,331,300	12,331,300
Restricted Medical	931,100	931,100	931,100	931,100	931,100
Jailers' Allowance	481,700	481,700	481,700	481,700	481,700
Catastrophic Medical	295,900	295,900	295,900	295,900	295,900
TOTAL EXPENDITURES	15,954,600	16,236,100	16,236,100	14,040,000	14,040,000

The Local Jail Support program consists of four funds used to assist counties in local jail operations: Local Jail Allotment, Restricted Medical Allotment, Jailer's Allowance, and Catastrophic Medical. These programs were part of the Jail Reform package passed in the 1982 and 1984 Regular Sessions of the General Assembly.

The Local Jail Allotment, pursuant to KRS 441.206, was established for the care and maintenance of prisoners charged with or convicted of violations of state law. Funds appropriated for the Jail Allotment program are distributed to each county based upon a statutory formula.

The Restricted Medical Fund program is used to pay for indigent inmate medical costs pursuant to a distribution formula in KRS 441.206.

The Jailer's Allowance program, pursuant to KRS 441.115, trains jailers and jail personnel. No fee is charged for this training. Three hundred dollars (\$300) per month is paid to jailers to help defray the costs of participation in this training program. Expense allowance payments are discontinued if the jailer fails to satisfactorily complete annual continuing training.

The Catastrophic Medical program, pursuant to KRS 441.045, provides funds that assist counties with costs of providing necessary medical, dental, or psychological care beyond routine care and diagnostic services. When the cost of providing such services exceeds \$2,000, the county is reimbursed. Initial reimbursements are limited by the maximum payments allowed for services under the Kentucky Medical Assistance Program.

**Justice and Public Safety
Vehicle Enforcement**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Budget Reduction	-1,400				
Salary Compensation Fund	48,000	48,000	48,000		
Total General Fund	46,600	48,000	48,000		
Restricted Funds					
Balance Forward	712,000	548,200	636,700	510,700	387,600
Current Receipts	70,500	244,600	261,400	244,600	261,400
Non-Revenue Receipts	1,015,700	1,848,200	2,188,700	1,093,900	1,211,500
Fund Transfers	-37,500				
Total Restricted Funds	1,760,700	2,641,000	3,086,800	1,849,200	1,860,500
Federal Funds					
Current Receipts	6,337,400	6,071,000	6,054,200	6,071,000	6,054,200
Total Federal Funds	6,337,400	6,071,000	6,054,200	6,071,000	6,054,200
Road Fund					
Regular Appropriation	13,881,500	23,399,400	26,297,500	13,881,500	13,881,500
Total Road Fund	13,881,500	23,399,400	26,297,500	13,881,500	13,881,500
TOTAL SOURCE OF FUNDS	22,026,200	32,159,400	35,486,500	21,801,700	21,796,200
EXPENDITURES BY CLASS					
Personnel Cost	14,603,200	22,052,500	25,055,900	14,635,000	15,072,800
Operating Expenses	5,343,700	7,409,600	7,510,400	5,543,500	5,088,900
Grants, Loans or Benefits	667,700	668,200	668,200	668,200	668,200
Capital Outlay	900,900	1,392,400	1,392,400	567,400	567,400
TOTAL EXPENDITURES	21,515,500	31,522,700	34,626,900	21,414,100	21,397,300
EXPENDITURES BY FUND SOURCE					
General Fund	46,600	48,000	48,000		
Restricted Funds	1,250,000	2,004,300	2,227,200	1,461,600	1,461,600
Federal Funds	6,337,400	6,071,000	6,054,200	6,071,000	6,054,200
Road Fund	13,881,500	23,399,400	26,297,500	13,881,500	13,881,500
TOTAL EXPENDITURES	21,515,500	31,522,700	34,626,900	21,414,100	21,397,300
EXPENDITURES BY UNIT					
Vehicle Enforcement	21,515,500	31,522,700	34,626,900	21,414,100	21,397,300
TOTAL EXPENDITURES	21,515,500	31,522,700	34,626,900	21,414,100	21,397,300

The Department of Kentucky Vehicle Enforcement (KVE) is responsible for enforcing state and federal laws and regulations pertaining to the operation of commercial vehicles within the Commonwealth. It is the primary mission of KVE to encourage and promote a safe driving environment through education and safety awareness while enforcing laws and regulations relating to commercial vehicles. Specific responsibilities include the enforcement of:

- State and Federal Motor Carrier Safety regulations and Federal Hazardous Material Transport regulations
- Economic regulations (KRS 138 and 186)
- Size and weight regulations (KRS 189 and 23 CFR, Parts 657 and 658)

- Traffic laws in road construction work zones (KRS 189.232)
- DUI statutes (KRS 189A.010) on drivers of passenger vehicles when violations are observed

The Department is divided into ten regions throughout the state which operate 12 weigh/inspection stations in accordance with KRS 189.227, and also provides enforcement coverage on related bypass routes. Kentucky Vehicle Enforcement employees include officers, inspectors, supervisors, and civilian support personnel. The inspectors are assigned to fixed facilities where they perform safety inspections, and enforce size and weight regulations. Officers perform these same duties both at fixed facilities and through mobile enforcement. In addition, officers conduct drug and criminal interdiction as well as traffic enforcement. The Department also has a drug interdiction unit that has four canines and handlers. The drug interdiction unit, along with the inspecting personnel, makes numerous drug seizures and bulk cash seizures annually.

Kentucky's program is comprehensive, encompassing all elements as outlined in the Federal Motor Carrier Safety Assistance national program outline (49 CFR, Part 350). Program elements include:

- Commercial vehicle/driver safety inspections
- Traffic enforcement activities, including stopping commercial vehicles operating on highways, streets or roads for violations of state or local motor vehicle or traffic laws
- Review of motor carriers for compliance with Federal Motor Carrier Safety and Federal Hazardous Material Safety regulations and rendering to the carriers educational and technical assistance with regard to regulatory compliance
- Public education and awareness
- Motor carrier safety data collection and reporting

Kentucky Vehicle Enforcement provides funds to three Motor Carrier Safety Administration program sub-grantees, the Lexington and Louisville Police Departments and Boone County Sheriff's Department. All police agencies conduct commercial vehicle inspections and perform traffic enforcement activities. These partner agencies have been valuable in creating a stronger commercial vehicle enforcement presence in urban areas, thus allowing a more efficient deployment of limited KVE resources in other areas of the Commonwealth.

**Justice and Public Safety
Public Advocacy**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	31,886,400	61,612,200	64,731,000	32,940,100	34,378,400
Current Year Appropriation	2,000,000				
Salary Compensation Fund	279,800				
Total General Fund	34,166,200	61,612,200	64,731,000	32,940,100	34,378,400
Restricted Funds					
Balance Forward	37,100	2,623		1,900	
Current Receipts	4,455,800	100,000	100,000	4,300,000	4,300,000
Total Restricted Funds	4,492,900	102,623	100,000	4,301,900	4,300,000
Federal Funds					
Current Receipts	1,713,100			1,783,300	1,661,100
Total Federal Funds	1,713,100			1,783,300	1,661,100
TOTAL SOURCE OF FUNDS	40,372,200	61,714,823	64,831,000	39,025,300	40,339,500
EXPENDITURES BY CLASS					
Personnel Cost	29,908,600	51,371,200	54,619,600	28,015,700	29,297,900
Operating Expenses	4,393,000	10,172,900	10,103,500	4,513,600	4,545,600
Grants, Loans or Benefits	6,068,700	6,096,000	6,096,000	6,496,000	6,496,000
Capital Outlay		60,000			
TOTAL EXPENDITURES	40,370,300	67,700,100	70,819,100	39,025,300	40,339,500
EXPENDITURES BY FUND SOURCE					
General Fund	34,166,200	61,612,200	64,731,000	32,940,100	34,378,400
Restricted Funds	4,491,000	4,302,623	4,300,000	4,301,900	4,300,000
Federal Funds	1,713,100	1,783,300	1,661,100	1,783,300	1,661,100
TOTAL EXPENDITURES	40,370,300	67,698,123	70,692,100	39,025,300	40,339,500
EXPENDITURES BY UNIT					
Office of the Public Advocate	1,011,800	1,529,500	1,624,700	1,019,400	1,066,800
Defense Services	35,847,400	60,667,100	63,487,700	34,407,600	35,609,500
Law Operations	1,484,100	2,508,623	2,620,300	1,570,200	1,600,000
Protection and Advocacy	2,027,000	2,992,900	2,959,400	2,028,100	2,063,200
TOTAL EXPENDITURES	40,370,300	67,698,123	70,692,100	39,025,300	40,339,500

The U. S. and Kentucky Constitutions provide to all Americans the right to the assistance of counsel when they are charged with a crime. Those same constitutional provisions mandate that all persons who cannot afford an attorney and are charged with a crime that carries a potential loss of liberty be provided with an attorney by the state. The Kentucky Department of Public Advocacy (DPA) was established in KRS Chapter 31 to provide representation for indigent persons accused of crimes (or mental states) which may result in their incarceration. Kentucky's mandated public defender services are delivered by a system consisting of full-time employed public defenders, full-time contract public defenders, and private attorneys contracting with the Department to provide services primarily in situations involving conflicts of interest. The Department, under the direction of the Public Advocate, is attached to the Justice and Public Safety Cabinet for administrative purposes.

The Office of the Public Advocate is responsible for the oversight of the agency and includes the Public Advocate, Deputy Public Advocate, Executive Advisor, General Counsel, and all strategic planning and education functions.

The Operations Division provides budget, personnel, administrative, technology, library services, research, and management support for the Department.

The Trial Division represents all needy persons accused of crimes punishable by loss of liberty, persons accused of juvenile delinquency and status offenses, and all needy persons faced with involuntary commitments due to mental state or condition in all of Kentucky's 120 counties. This includes district, circuit, drug, juvenile, and family court venues.

The Post-Trial Division provides mandated defender services for indigent persons after conviction. These services include providing counsel to indigent persons on appeal, to incarcerated persons on post-conviction actions in state and federal court, and to all juveniles in treatment facilities.

The Department's Protection and Advocacy Division was established pursuant to Public Law 99-319, Public Law 101-496, and KRS 31.030. The Division seeks legal, administrative, and other appropriate remedies to insure protection of Kentuckians with developmental disabilities and mental illness. The majority of funds in this division's budget are Federal Funds that have strict non-supplanting requirements.

Policy

The Governor's recommended budget includes \$800,000 in fiscal year 2008, \$1,800,000 in fiscal year 2009, and \$1,800,000 in fiscal year 2010 to support the state Department of Public Advocacy takeover of the Lexington Fayette Legal Aid Office.

Pursuant to KRS 31.065(2), the Department of Public Advocacy has an obligation to either contract with another nonprofit corporation that is willing to provide suitable attorney services for reasonable compensation, or open an office of public advocacy to address the mandatory representation of needy persons when a county, urban-county, charter county, or consolidated local government chooses not to submit a plan to provide those services.

In June of 2007, the Department of Public Advocacy was officially informed that the Fayette County Legal Aid Office was ending its services. Likewise, the Fayette Urban County Government exercised its right to no longer submit a plan for these services. Therefore, the Department of Public Advocacy was mandated to open an office of public advocacy in Fayette County, which became operational on August 1, 2007.

The office caseload is approximately 10,500 cases in district, juvenile, family, and circuit courts.

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Personnel

	Personnel				
	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	27,408,200	3,340,700	3,340,700	2,380,700	2,380,700
Continuing Appropriation	3,842,500				
Budget Reduction	-2,328,816				
Salary Compensation Fund	-20,911,900	148,200	148,200		
Base Deduction	-138,000				
Other		2,000,000	2,000,000		
Total General Fund	7,871,984	5,488,900	5,488,900	2,380,700	2,380,700
Restricted Funds					
Balance Forward	17,540,900	20,263,500	14,590,200	19,910,200	13,830,500
Current Receipts	46,734,100	45,905,700	47,878,100	42,401,500	44,581,900
Non-Revenue Receipts	6,940,000	4,576,400	5,777,400	5,400,000	5,400,000
Fund Transfers	-1,053,600				
Total Restricted Funds	70,161,400	70,745,600	68,245,700	67,711,700	63,812,400
TOTAL SOURCE OF FUNDS	78,033,384	76,234,500	73,734,600	70,092,400	66,193,100
EXPENDITURES BY CLASS					
Personnel Cost	46,408,000	54,883,000	58,106,700	49,898,700	52,009,600
Operating Expenses	6,518,800	6,628,900	5,873,600	6,243,100	5,508,800
Capital Outlay	86,800	132,400	125,000	120,100	114,200
TOTAL EXPENDITURES	53,013,600	61,644,300	64,105,300	56,261,900	57,632,600
EXPENDITURES BY FUND SOURCE					
General Fund	2,762,400	5,488,900	5,488,900	2,380,700	2,380,700
Restricted Funds	50,251,200	56,155,400	58,616,400	53,881,200	55,251,900
TOTAL EXPENDITURES	53,013,600	61,644,300	64,105,300	56,261,900	57,632,600
EXPENDITURES BY UNIT					
General Operations	20,849,300	26,450,300	26,826,500	22,114,700	21,605,000
Public Employees Deferred Compensation Authority	6,172,400	7,386,300	7,845,600	6,930,400	7,236,200
Workers' Compensation Benefits and Reserve	23,653,900	25,399,200	27,024,700	25,136,100	26,710,700
State Group Health Insurance Fund	2,338,000	2,408,500	2,408,500	2,080,700	2,080,700
TOTAL EXPENDITURES	53,013,600	61,644,300	64,105,300	56,261,900	57,632,600

The Personnel Cabinet provides human resources management for Kentucky state government agencies. The Cabinet coordinates the personnel and payroll functions for most of state government. It coordinates state employee benefit packages, such as health and life insurance, workers' compensation, and deferred compensation programs. The Cabinet coordinates state government's employee application and testing processes, as well as recruiting and retention functions.

Currently, the Personnel Cabinet is comprised of four appropriation units: General Operations, Public Employees Deferred Compensation Authority, the Workers' Compensation Benefits and Reserve, and the State Group Health Insurance Fund.

The Department of Personnel was created in 1960 under KRS 18.160. At the time of its inception, it was headed by a personnel board consisting of five members appointed by the Governor. The terms of the board members were for four years, but the first board appointed was on staggered terms. At the first meeting of the Personnel Board, the board appointed

a committee of three persons to conduct an examination of qualified applicants for the position of Commissioner of Personnel. Upon the completion of the examination the board forwarded to the Governor names of three qualified applicants from the classified service for appointment. In 1972, the legislature made the Commissioner of Personnel a direct appointee of the Governor without nominations from the Personnel Board.

In 1982, KRS 18.160 was repealed and re-enacted under KRS chapter 18A.015. Legislation enacted that year also authorized the Department to charge other state agencies their pro rata share of costs associated with the administration of the Executive Branch's personnel related functions. This was a pre-cursor to the department's "benefit assessment fee." In 1998, the General Assembly elevated the Department to Cabinet status.

Executive Order 2007-500, dated June 21, 2007, reorganized the Personnel Cabinet and its organizational structure.

**Personnel
General Operations**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	932,200	932,200	932,200	300,000	300,000
Budget Reduction	-656,000				
Salary Compensation Fund	148,200	148,200	148,200		
Other		2,000,000	2,000,000		
Total General Fund	424,400	3,080,400	3,080,400	300,000	300,000
Restricted Funds					
Balance Forward	5,451,700	5,655,800	4,204,200	5,302,500	2,460,100
Current Receipts	14,280,900	17,806,700	17,856,700	13,460,700	13,641,100
Non-Revenue Receipts	7,048,400	4,111,600	4,115,000	5,511,600	5,515,000
Fund Transfers	-1,053,600				
Total Restricted Funds	25,727,400	27,574,100	26,175,900	24,274,800	21,616,200
TOTAL SOURCE OF FUNDS	26,151,800	30,654,500	29,256,300	24,574,800	21,916,200
EXPENDITURES BY CLASS					
Personnel Cost	15,614,000	20,922,900	22,077,400	16,954,500	17,199,400
Operating Expenses	5,212,200	5,406,600	4,631,500	5,048,700	4,296,500
Capital Outlay	23,100	120,800	117,600	111,500	109,100
TOTAL EXPENDITURES	20,849,300	26,450,300	26,826,500	22,114,700	21,605,000
EXPENDITURES BY FUND SOURCE					
General Fund	424,400	3,080,400	3,080,400	300,000	300,000
Restricted Funds	20,424,900	23,369,900	23,746,100	21,814,700	21,305,000
TOTAL EXPENDITURES	20,849,300	26,450,300	26,826,500	22,114,700	21,605,000
EXPENDITURES BY UNIT					
General Administration	2,561,200	3,192,700	3,417,700	2,453,800	2,533,700
Governmental Service Center	1,521,500	1,917,500	2,041,200	1,542,300	1,528,500
Employee Relations	1,308,000	1,753,200	1,956,800	1,384,400	1,424,600
Employee Insurance	6,023,300	7,444,200	7,717,900	6,538,700	6,685,500
Personnel Administration	9,435,300	12,142,700	11,692,900	10,195,500	9,432,700
TOTAL EXPENDITURES	20,849,300	26,450,300	26,826,500	22,114,700	21,605,000

Executive Order 2007-500 reorganized the Personnel Cabinet, including the General Operations appropriation unit. The General Operations unit includes two departments, five offices, and the Governmental Services Center at Kentucky State University: the Department for Personnel Administration and the Department for Employee Insurance; the Office of the Secretary, the Office of Administrative Services, the Office of Legal Services, the Office of Employee Relations, and the Office of Human Resource Planning and Diversity Initiatives.

The Secretary of the Personnel Cabinet provides policy and management support to the departments and offices of the Cabinet, promulgates administrative regulations, advises the Personnel Board on matters pertaining to the classified service, and conducts investigations on all matters relating to personnel statutes and regulations. Reporting to the Secretary are all department heads and office heads within the Cabinet.

The Department of Personnel Administration consists of three divisions: the Division of Employee Management, the Division of Staffing Services, and the Division of Human Resource Projects. The responsibilities of this department include recruiting, counseling, testing, and certifying persons for employment with the Commonwealth; maintaining the classification and compensation system; auditing and certifying state payrolls; preparing and maintaining the official personnel and payroll

records; and coordinating information technology within the Cabinet. In addition, the development and implementation of the replacement personnel and payroll system is coordinated through the Department of Personnel Administration.

The Department of Employee Insurance manages health insurance coverage for state employees, state and teacher retirees that are not yet Medicare eligible, local boards of education, local health departments, and other public and quasi-public agencies. It manages the Commonwealth Choice Section 125 benefit program for state employees, local boards of education, and other public and quasi-public agencies, and provides administrative support for the Group Health Insurance Board under KRS 18A.226 and 18A.227. There are three divisions organized under the department: the Division of Insurance Administration, the Division of Financial and Data Services, and the Division of Special Programs.

The Office of Administrative Services' responsibilities include overseeing the internal operations of the Cabinet, including personnel related matters, budgeting, accounting, property management, and procurement functions.

The Office of Legal Services provides all legal services relating to the enforcement and application of state and federal laws and regulations governing employment with both the Cabinet and other executive branch agencies.

The Governmental Services Center is responsible for government-wide training, consultation, and organizational development, including the coordination of the Commonwealth's strategic planning and performance measurement processes. It also has the responsibility for the employee performance management system for the Commonwealth.

The Office of Human Resources Planning and Diversity Initiatives contains two divisions: the Division of Diversity Relations and the Division of Equal Employment Opportunity. This office is responsible for administering the Commonwealth's Affirmative Action Plan as well as analyzing and developing a workforce planning mechanism for addressing trends in the workplace.

The Office of Employee Relations program includes two divisions, the Division of Employee Benefits and the Division of Employee Services and Recognition. The program administers the Kentucky Employee Assistance Program (which provides assistance to troubled employees), life insurance benefits for state employees, the employee suggestion system, a mediation program to help resolve employment problems, the state safety program, and the self-insured Workers' Compensation program. The Workers' Compensation program provides benefits to workers injured on the job and manages a return-to-work program. The program provides coverage for state employees, Murray State University, the Kentucky Community Technical College System, volunteer firemen, volunteer ambulance personnel, and various local government entities.

Personnel
Public Employees Deferred Compensation Authority

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	6,898,900	7,913,100	7,711,800	7,913,100	8,167,700
Current Receipts	7,240,800	7,240,800	7,240,800	7,240,800	7,240,800
Non-Revenue Receipts	-54,200	-55,800	-57,500	-55,800	-57,500
Total Restricted Funds	14,085,500	15,098,100	14,895,100	15,098,100	15,351,000
TOTAL SOURCE OF FUNDS	14,085,500	15,098,100	14,895,100	15,098,100	15,351,000
EXPENDITURES BY CLASS					
Personnel Cost	5,626,400	6,911,300	7,362,200	6,475,500	6,774,800
Operating Expenses	484,900	466,400	478,300	446,300	456,300
Capital Outlay	61,100	8,600	5,100	8,600	5,100
TOTAL EXPENDITURES	6,172,400	7,386,300	7,845,600	6,930,400	7,236,200
EXPENDITURES BY FUND SOURCE					
Restricted Funds	6,172,400	7,386,300	7,845,600	6,930,400	7,236,200
TOTAL EXPENDITURES	6,172,400	7,386,300	7,845,600	6,930,400	7,236,200
EXPENDITURES BY UNIT					
Public Employees Deferred Compensation Authority	6,172,400	7,386,300	7,845,600	6,930,400	7,236,200
TOTAL EXPENDITURES	6,172,400	7,386,300	7,845,600	6,930,400	7,236,200

The Kentucky Public Employees Deferred Compensation Authority administers deferred compensation plans as established in the U.S. Internal Revenue Code Sections 457, 401(k), Roth 401(k), and 403 (b) in accordance with KRS 18A.230-18A.350 as tax-sheltered, supplemental retirement savings programs. These programs are an optional benefit for Kentucky's public employees.

Personnel
Workers' Compensation Benefits and Reserve

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	5,190,300	6,694,600	2,674,200	6,694,600	3,202,700
Current Receipts	25,212,400	20,858,200	22,780,600	21,700,000	23,700,000
Non-Revenue Receipts	-54,200	520,600	1,719,900	-55,800	-57,500
Total Restricted Funds	30,348,500	28,073,400	27,174,700	28,338,800	26,845,200
TOTAL SOURCE OF FUNDS	30,348,500	28,073,400	27,174,700	28,338,800	26,845,200
EXPENDITURES BY CLASS					
Personnel Cost	22,829,600	24,640,300	26,258,600	24,388,000	25,954,700
Operating Expenses	821,700	755,900	763,800	748,100	756,000
Capital Outlay	2,600	3,000	2,300		
TOTAL EXPENDITURES	23,653,900	25,399,200	27,024,700	25,136,100	26,710,700
EXPENDITURES BY FUND SOURCE					
Restricted Funds	23,653,900	25,399,200	27,024,700	25,136,100	26,710,700
TOTAL EXPENDITURES	23,653,900	25,399,200	27,024,700	25,136,100	26,710,700
EXPENDITURES BY UNIT					
Workers' Compensation Benefits and Reserve	23,653,900	25,399,200	27,024,700	25,136,100	26,710,700
TOTAL EXPENDITURES	23,653,900	25,399,200	27,024,700	25,136,100	26,710,700

Created in 1990, the Workers' Compensation Benefits and Reserve is state government's self-insured Workers' Compensation program. The program provides coverage to the executive, legislative, and judicial branches of government, but excludes the Transportation Cabinet, and all state universities except Murray State University. The program also covers the Kentucky Community and Technical College System, volunteer firefighters, volunteer ambulance personnel, and employees of some county clerk's or sheriff's offices when the county's population is 70,000 or more. Workers' Compensation includes a return-to-work program for injured employees, managed care, and a statewide safety program.

The revenue accruing to the program is derived from participating agencies based upon the claims history of the agency and the number of covered employees. Claims history is calculated based upon a three year running average.

Personnel					
State Salary and Compensation Fund					
	<u>Revised FY 2008</u>	<u>Requested FY 2009</u>	<u>Requested FY 2010</u>	<u>Recommended FY 2009</u>	<u>Recommended FY 2010</u>
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	24,000,000				
Continuing Appropriation	3,842,500				
Budget Reduction	-1,672,816				
Salary Compensation Fund	-21,060,100				
Total General Fund	<u>5,109,584</u>				
TOTAL SOURCE OF FUNDS	<u>5,109,584</u>				

The State Salary and Compensation Fund a statewide pool to provide the additional funds necessary for state agencies to finance the salary and compensation policy for state employees in fiscal year 2007-08.

Personnel					
State Group Health Insurance Fund					
	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	2,476,000	2,408,500	2,408,500	2,080,700	2,080,700
Base Deduction	-138,000				
Total General Fund	2,338,000	2,408,500	2,408,500	2,080,700	2,080,700
TOTAL SOURCE OF FUNDS	2,338,000	2,408,500	2,408,500	2,080,700	2,080,700
EXPENDITURES BY CLASS					
Personnel Cost	2,338,000	2,408,500	2,408,500	2,080,700	2,080,700
TOTAL EXPENDITURES	2,338,000	2,408,500	2,408,500	2,080,700	2,080,700
EXPENDITURES BY FUND SOURCE					
General Fund	2,338,000	2,408,500	2,408,500	2,080,700	2,080,700
TOTAL EXPENDITURES	2,338,000	2,408,500	2,408,500	2,080,700	2,080,700

The State Group Health Insurance Fund provides funding to support a dependent subsidy for quasi-governmental employers participating in the State Group health Insurance program.

Policy

The Executive Budget provides General Fund support of \$2,080,700 in fiscal years 2009 and 2010 to support a dependent subsidy for quasi-governmental employers participating in the State Group Health Insurance program. To participate in the fund, each quasi-government employer must certify to the Secretary of the Personnel Cabinet that no funds received from the pool are being utilized to fund any benefits for persons other than full-time employees. Only quasi-governmental employers that were participating in the group prior to the enactment of a dependent subsidy in the fall of 2004 are eligible to receive this funding.

Postsecondary Education

Postsecondary Education

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,379,564,800	1,595,720,000	1,803,772,700	1,186,716,600	1,196,987,100
Special Appropriation	2,000,000				
Continuing Appropriation	996,300	1,000,000	1,000,000	1,000,000	1,000,000
Budget Reduction	-34,509,400				
Salary Compensation Fund	62,800				
Total General Fund	1,348,114,500	1,596,720,000	1,804,772,700	1,187,716,600	1,197,987,100
Tobacco Settlement-Phase I					
Tobacco Settlement - I	5,591,200	6,591,100	6,685,600	6,586,100	6,680,600
Continuing Appropriation	208,600				
Other	1,088,900				
Total Tobacco Settlement-Phase I	6,888,700	6,591,100	6,685,600	6,586,100	6,680,600
Restricted Funds					
Balance Forward	2,255,000	781,700	258,200	1,150,400	322,400
Current Receipts	3,046,836,300	3,193,546,900	3,343,003,400	3,053,132,000	3,066,095,500
Non-Revenue Receipts	19,269,900	14,975,100	14,611,800	15,593,800	14,539,800
Fund Transfers	-250,000				
Total Restricted Funds	3,068,111,200	3,209,303,700	3,357,873,400	3,069,876,200	3,080,957,700
Federal Funds					
Balance Forward	4,500				
Current Receipts	691,017,500	720,992,400	757,686,600	694,403,600	699,934,300
Total Federal Funds	691,022,000	720,992,400	757,686,600	694,403,600	699,934,300
TOTAL SOURCE OF FUNDS	5,114,136,400	5,533,607,200	5,927,018,300	4,958,582,500	4,985,559,700
EXPENDITURES BY CLASS					
Personnel Cost	2,568,964,400	2,731,758,600	2,873,641,300	2,510,776,800	2,522,147,300
Operating Expenses	1,487,367,900	1,585,327,100	1,671,211,900	1,457,484,500	1,461,222,500
Grants, Loans or Benefits	785,377,300	951,484,400	1,015,578,800	743,480,000	745,508,400
Debt Service	105,280,300	95,107,000	194,046,100	91,892,100	101,860,600
Capital Outlay	158,579,100	168,671,900	172,540,200	153,626,700	153,820,600
TOTAL EXPENDITURES	5,105,569,000	5,532,349,000	5,927,018,300	4,957,260,100	4,984,559,400
EXPENDITURES BY FUND SOURCE					
General Fund	1,340,697,500	1,595,720,000	1,804,772,700	1,186,716,600	1,196,987,100
Tobacco Settlement-Phase I	6,888,700	6,591,100	6,685,600	6,586,100	6,680,600
Restricted Funds	3,066,960,800	3,209,045,500	3,357,873,400	3,069,553,800	3,080,957,400
Federal Funds	691,022,000	720,992,400	757,686,600	694,403,600	699,934,300
TOTAL EXPENDITURES	5,105,569,000	5,532,349,000	5,927,018,300	4,957,260,100	4,984,559,400
EXPENDITURES BY UNIT					
Council on Postsecondary Education	120,539,400	125,345,400	240,805,200	85,529,500	95,523,300
Kentucky Higher Education Assistance Authority	213,493,400	328,816,300	345,047,600	198,631,200	198,052,900
Postsecondary Education Institutions	4,771,536,200	5,078,187,300	5,341,165,500	4,673,099,400	4,690,983,200
TOTAL EXPENDITURES	5,105,569,000	5,532,349,000	5,927,018,300	4,957,260,100	4,984,559,400

**Postsecondary Education
Council on Postsecondary Education**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	95,120,700	91,706,300	207,071,600	52,090,800	61,814,700
Continuing Appropriation	250,800				
Budget Reduction	-1,988,200				
Salary Compensation Fund	62,800				
Total General Fund	93,446,100	91,706,300	207,071,600	52,090,800	61,814,700
Tobacco Settlement-Phase I					
Tobacco Settlement - I	4,691,200	5,591,100	5,685,600	5,586,100	5,680,600
Other	788,900				
Total Tobacco Settlement-Phase I	5,480,100	5,591,100	5,685,600	5,586,100	5,680,600
Restricted Funds					
Balance Forward	708,100	221,300	20,000	5,900	
Current Receipts	1,604,900	1,873,400	2,054,700	1,873,400	2,054,700
Non-Revenue Receipts	6,873,700	6,873,900	6,873,900	6,873,900	6,873,900
Fund Transfers	-250,000				
Total Restricted Funds	8,936,700	8,968,600	8,948,600	8,753,200	8,928,600
Federal Funds					
Balance Forward	4,500				
Current Receipts	19,094,900	19,099,400	19,099,400	19,099,400	19,099,400
Total Federal Funds	19,099,400	19,099,400	19,099,400	19,099,400	19,099,400
TOTAL SOURCE OF FUNDS	126,962,300	125,365,400	240,805,200	85,529,500	95,523,300
EXPENDITURES BY CLASS					
Personnel Cost	12,338,800	14,272,100	14,995,500	11,911,000	12,204,200
Operating Expenses	5,574,900	9,646,200	9,392,000	5,134,500	4,901,300
Grants, Loans or Benefits	80,005,100	101,297,100	118,745,700	68,354,000	68,609,300
Debt Service	22,493,000		97,542,000		9,678,500
Capital Outlay	127,600	130,000	130,000	130,000	130,000
TOTAL EXPENDITURES	120,539,400	125,345,400	240,805,200	85,529,500	95,523,300
EXPENDITURES BY FUND SOURCE					
General Fund	87,029,100	91,706,300	207,071,600	52,090,800	61,814,700
Tobacco Settlement-Phase I	5,480,100	5,591,100	5,685,600	5,586,100	5,680,600
Restricted Funds	8,930,800	8,948,600	8,948,600	8,753,200	8,928,600
Federal Funds	19,099,400	19,099,400	19,099,400	19,099,400	19,099,400
TOTAL EXPENDITURES	120,539,400	125,345,400	240,805,200	85,529,500	95,523,300
EXPENDITURES BY UNIT					
Agency Operations	9,535,800	11,169,400	11,760,300	9,246,400	9,473,100
Pass Through Programs	12,862,400	13,321,400	13,483,800	11,310,700	11,304,800
Federal Programs	5,598,000	6,250,000	6,250,000	5,250,000	5,250,000
Strategic Investment and Incentive Funding Program	92,543,200	94,604,600	209,311,100	59,722,400	69,495,400
TOTAL EXPENDITURES	120,539,400	125,345,400	240,805,200	85,529,500	95,523,300

The Council on Postsecondary Education serves as the representative agency in matters of postsecondary education and in this role brings a statewide perspective to postsecondary education issues and planning. The Council has the responsibility both for guiding the system and serving as an advocate for postsecondary education as a part of the total education enterprise. The primary focus of the Council is the coordination of an effective system of postsecondary education meeting the current and future educational needs of the Commonwealth. The Council also has responsibility to operate Kentucky's adult education system, bringing all of Kentucky's public postsecondary and adult education providers under a single authority.

The six goals for the postsecondary education system, codified in KRS 164.003(2), are summarized below:

- 1 A seamless, integrated system of postsecondary education strategically planned and adequately funded to enhance economic development and quality of life.
- 2 A major comprehensive research institution ranked nationally in the top 20 public universities at the University of Kentucky.
- 3 A premier, nationally-recognized metropolitan research university at the University of Louisville.
- 4 Regional universities, with at least one nationally-recognized program of distinction or one nationally-recognized applied research program, working cooperatively with other postsecondary institutions to assure statewide access to baccalaureate and master's degrees of a quality at or above the national average.
- 5 A comprehensive community and technical college system with a mission that assures, in conjunction with other postsecondary institutions, access throughout the Commonwealth to a two year course of general studies designed for transfer to a baccalaureate program, the training necessary to develop a workforce with the skills to meet the needs of new and existing industries, and remedial and continuing education to improve the employability of citizens.
- 6 An efficient, responsive, and coordinated system of providers that delivers educational services to all adult citizens in quantities and of a quality that is comparable to the national average or above and significantly elevates the level of education of the adults of the Commonwealth.

The Council is the liaison between postsecondary education and other segments of the education community. This role is particularly important in relation to other state agencies relating to elementary and secondary education and those directly impacting postsecondary education. The creation of the P-16 council, a joint effort of the Council and the Kentucky Board of Education, is a concerted effort to identify common issues between the two systems and to further identify solutions.

The statutory responsibilities set forth in KRS Chapter 164 primarily involve: determining the needs of postsecondary education in the Commonwealth; developing and implementing a strategic agenda and strategic implementation plan (the Action Agenda) designed to achieve the legislatively mandated goals for postsecondary education; setting tuition rates or overseeing the setting of tuition rates by the public postsecondary education institutions; providing the Governor and the General Assembly reports on the performance of the postsecondary education system and the individual institutions in achieving the goals of postsecondary education reform; operating the Kentucky Virtual University and the Kentucky Virtual Library; supporting P-16 reform initiatives; administering a comprehensive program for adult students; establishing technology standards for distance education; deregulating, where possible, the policies and procedures of the Council; establishing minimum standards for admissions; reviewing, modifying, approving and eliminating academic programs; reviewing and recommending funding for the public institutions; administering the strategic investment and incentive funding program; approving and recommending capital projects; maintaining a statewide system of accountability; and licensing private degree-granting and proprietary baccalaureate degree-granting institutions. The Council also is the representative agency of the Commonwealth in postsecondary education matters not specifically delegated by statute to any of the public institutions and for interstate compacts and agreements.

**Postsecondary Education
Council on Postsecondary Education
Agency Operations**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	8,880,300	10,416,700	11,007,600	8,695,000	8,740,400
Budget Reduction	-90,800				
Salary Compensation Fund	62,800				
Total General Fund	8,852,300	10,416,700	11,007,600	8,695,000	8,740,400
Restricted Funds					
Balance Forward	650,600	221,300	20,000		
Current Receipts	282,900	551,400	732,700	551,400	732,700
Fund Transfers	-250,000				
Total Restricted Funds	683,500	772,700	752,700	551,400	732,700
TOTAL SOURCE OF FUNDS	9,535,800	11,189,400	11,760,300	9,246,400	9,473,100
EXPENDITURES BY CLASS					
Personnel Cost	8,107,900	9,619,200	10,222,000	7,931,900	8,162,900
Operating Expenses	1,300,300	1,420,200	1,408,300	1,184,500	1,180,200
Capital Outlay	127,600	130,000	130,000	130,000	130,000
TOTAL EXPENDITURES	9,535,800	11,169,400	11,760,300	9,246,400	9,473,100
EXPENDITURES BY FUND SOURCE					
General Fund	8,852,300	10,416,700	11,007,600	8,695,000	8,740,400
Restricted Funds	683,500	752,700	752,700	551,400	732,700
TOTAL EXPENDITURES	9,535,800	11,169,400	11,760,300	9,246,400	9,473,100

The Agency Operations program is the support unit of the Council on Postsecondary Education. The Agency Operations budget includes funding for operating activities in support of development and implementation of the strategic agenda and action plan, academic program review, capital and operating finances, and implementation of the Strategic Investment and Incentive Funding Program.

Authority for the Council is found in KRS 164.013, 164.0203, and 164.020. The Agency Operations program is the support unit of the Council. As such, employees included in the Agency Operations program provided limited direct services to students and faculty at public and private postsecondary education institutions, legislators, members of the governor's staff, and other state agencies. The Council licenses private postsecondary education institutions, a regulatory function.

Agency Operations include staff and operating expenses necessary to manage the agency and programs of the Council with the exception of those employees involved in the direct delivery of services for adult education and the Kentucky Virtual University/Virtual Library. The staff is organized into seven primary units with Agency Operations providing support services to all units:

- The Executive unit consists of the CPE president, executive vice president, general counsel, and support staff. The executive unit provides leadership and direction to the other units, coordinates the postsecondary education equal opportunity efforts, directs strategic planning, accountability, and assessment efforts, and provides legal services to the agency.
- The Public Affairs, Communications, and Human Resources unit includes support staff providing governmental and legislative services, media relations, and communications planning.

- Academic Affairs includes activities related to approval, modification, disapproval, or discontinuance of academic programs, extended campus activities, academic course inventory, admissions standards, accountability, statewide strategic planning, early childhood literacy, baccalaureate degree transfer, academic common market, and licensure of independent colleges and universities. Testing and Local P-16 Council initiatives are funded through the council's pass-through programs. "New economy" responsibilities of this unit include oversight of the Science and Technology funding program and coordination of the state's economic development initiatives in conjunction with the Economic Development Cabinet.
- Adult Education was transferred to the Council in 2003. This unit provides governmental relations, communications, information, technology, and business office support to the adult education program unit.
- The Kentucky Virtual University/Virtual Library operates a comprehensive set of university programs that include over 16,000 learners. The virtual library is a consortium of public and private postsecondary education libraries, the Kentucky Department for Libraries and Archives, the Kentucky Department of Education, the county and city public libraries, and special libraries. The Agency Operations unit provides governmental relations, communications, information, technology, and business office support to the program activities of the Kentucky Virtual University/Virtual Library program unit.
- The Finance unit is responsible for developing funding approaches for the institutions, the analysis of postsecondary education financial information, the review and recommendation of capital construction projects, tuition setting, reciprocity agreements, and the administration of the strategic investment and incentive trust funds. In addition to these institutionally focused activities, the Finance unit also is responsible for the administrative and business operations of the agency: budgeting, accounting, purchasing, printing/copying, telecommunications services, and inventory control.
- Information Technology includes those activities related to the collection and analysis of student data collected through the agency's comprehensive data base, support and maintenance of the agency's computing needs including the local area network and coordination of statewide technology efforts. The information technology unit provides services to all of the program units of the Council.

**Postsecondary Education
Council on Postsecondary Education
Pass Through Programs**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	6,153,100	6,427,500	6,589,900	4,410,900	4,410,900
Budget Reduction	-184,600				
Total General Fund	5,968,500	6,427,500	6,589,900	4,410,900	4,410,900
Restricted Funds					
Balance Forward	6,100			5,900	
Current Receipts	20,000	20,000	20,000	20,000	20,000
Non-Revenue Receipts	6,873,700	6,873,900	6,873,900	6,873,900	6,873,900
Total Restricted Funds	6,899,800	6,893,900	6,893,900	6,899,800	6,893,900
TOTAL SOURCE OF FUNDS	12,868,300	13,321,400	13,483,800	11,310,700	11,304,800
EXPENDITURES BY CLASS					
Operating Expenses	3,000	3,000	3,000	3,000	3,000
Grants, Loans or Benefits	12,859,400	13,318,400	13,480,800	11,307,700	11,301,800
TOTAL EXPENDITURES	12,862,400	13,321,400	13,483,800	11,310,700	11,304,800
EXPENDITURES BY FUND SOURCE					
General Fund	5,968,500	6,427,500	6,589,900	4,410,900	4,410,900
Restricted Funds	6,893,900	6,893,900	6,893,900	6,899,800	6,893,900
TOTAL EXPENDITURES	12,862,400	13,321,400	13,483,800	11,310,700	11,304,800
EXPENDITURES BY UNIT					
Contract Spaces	4,024,900	4,280,100	4,442,500	3,524,900	3,524,900
Metroversity	58,800	58,800	58,800		
Professional Education Preparation Program	404,200	416,700	416,700	355,700	355,700
Telecommunications Consortia	177,200	182,700	182,700		
Minority Student College Prep Program	397,700	397,700	397,700	353,900	353,900
State Autism Training Center	211,300	277,800	277,800	185,900	185,900
Kentucky Rural Development Center	677,300	698,200	698,200		
SREB Doctoral Scholars Program	301,400	301,400	301,400	284,400	284,400
Pass Through - Other	109,600	208,000	208,000	105,900	100,000
Cancer Research Insts Mtchg Fd	6,500,000	6,500,000	6,500,000	6,500,000	6,500,000
TOTAL EXPENDITURES	12,862,400	13,321,400	13,483,800	11,310,700	11,304,800

The Council on Postsecondary Education has been designated as the receiving agency for several programs. Funds are appropriated to the Council and subsequently "passed-through" to other agencies or entities. The Council monitors the implementation of the programs but is not responsible for actual day-to-day operations. For purposes of display, these programs have been grouped together under the heading of Pass Through Programs. A brief description of each program is provided below.

The **Contract Spaces Program** provides Kentucky students with access to veterinary medicine and optometry programs through contracts administered by the Southern Regional Education Board and Indiana University. In veterinary medicine, Kentucky contracts for spaces at Auburn University and Tuskegee Institute. In optometry, Kentucky contracts for spaces at the Southern College of Optometry, the University of Alabama, and Indiana University. Contract fees guarantee a fixed number of spaces in these academic programs for qualified Kentucky residents. Enrolled students are required to pay

only the equivalent of the in-state tuition at the host institution. Students are supported for four years. To reserve these spaces and to help defray cost, the Commonwealth pays a contract fee per space to each participating institution. These contracts are the primary sources of enrollment opportunities for Kentucky students and for trained individuals to meet workforce needs in these professional areas.

The **Cancer Research Institutions Matching Fund** is administered by the Council on Postsecondary Education. The University of Louisville Research Foundation and the University of Kentucky Research Foundations will each be eligible for state funds under this program. The program is funded by a one-cent cigarette surtax. To receive the funding from this program, the two research institutions must provide a dollar for dollar match from external sources. The purpose of these funds is to support cancer-related research that will ultimately reduce the morbidity and mortality from these diseases. The program supports collaborative business and academic ventures in support of the cancer research programs at their respective university cancer centers (Brown and Markey).

Since the late 1970s, the Council has supported cooperative activities among and services to postsecondary education institutions in the Greater Louisville area through the interstate **Metroversity Consortium**. On behalf of the participating institutions, Metroversity operates the Educational Opportunity Center, a cross-registration program, student and faculty competitions and activities, and interlibrary courier service. The Consortia also maintains a cable TV channel for institutional use.

The **Professional Education Preparation Program (PEPP)** was established in 1980 pursuant to KRS 164.028 through 164.0282. The program assists students and prospective students from rural and inner-city areas experiencing medical and dental workforce shortages to gain admission to and graduate from medical and dental school. All funds appropriated to the Council for the PEPP program are allocated to the University of Kentucky, the University of Louisville, and the Pikeville College, School of Osteopathic Medicine to conduct pre-freshman workshops, undergraduate workshops, student assessment conferences, and MCAT/DAT test assistance with tutors, tutoring, and summer job placement.

The **Telecommunications Consortium** was established in 1978 with funding provided through the budget of the Council. Programming and any needed staff services are provided by Kentucky Educational Television (KET) through a Memorandum of Agreement with the Council. The Consortium provides college credit course via KET's open broadcast television capability. In fiscal year 2005-2006, 33 undergraduate courses are scheduled for delivery. Students may enroll by mail and view courses at home.

The **Governor's Minority Student College Preparation Program** was established in 1986 to provide academic enrichment activities for middle and junior high school students, encourage them to stay in school and to enter college, to make young African-American students aware of the benefits and value of college and make them more likely to consider college as an achievable option, and to prepare these students to be successful in college-level work. The program places emphasis on early intervention in an attempt to overcome problems at the high school level that tend to reduce the pool of minorities interested in attending and prepared to do well in college. Approximately 1,100 middle and high-school students will be enrolled in this program each year.

The **Kentucky State Autism Training Center** contracts with the University of Louisville to provide coordinated services for training individuals involved in delivering services to those diagnosed with autism or autistic related disorders.

The **Kentucky Rural Development Center** operates in Somerset, Kentucky. The Center provides technical assistance to business and governmental entities in networking and video conferencing.

The **Southern Regional Education Board Doctoral Scholars Program** is a cooperative interstate venture that seeks to support and encourage minority students to pursue doctoral degrees. The program seeks to increase the number of minority faculty members employed as college faculty and executives by increasing the available pool of minority candidates. Students are provided scholarships and other financial support to attend institutions throughout the southern region and in some Midwest states.

**Postsecondary Education
Council on Postsecondary Education
Federal Programs**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation		1,000,000	1,000,000		
Total General Fund		1,000,000	1,000,000		
Federal Funds					
Current Receipts	5,598,000	5,250,000	5,250,000	5,250,000	5,250,000
Total Federal Funds	5,598,000	5,250,000	5,250,000	5,250,000	5,250,000
TOTAL SOURCE OF FUNDS	5,598,000	6,250,000	6,250,000	5,250,000	5,250,000
EXPENDITURES BY CLASS					
Personnel Cost	709,400	779,800	851,200	786,000	846,400
Operating Expenses	352,500	362,500	140,600	362,500	140,600
Grants, Loans or Benefits	4,536,100	5,107,700	5,258,200	4,101,500	4,263,000
TOTAL EXPENDITURES	5,598,000	6,250,000	6,250,000	5,250,000	5,250,000
EXPENDITURES BY FUND SOURCE					
General Fund		1,000,000	1,000,000		
Federal Funds	5,598,000	5,250,000	5,250,000	5,250,000	5,250,000
TOTAL EXPENDITURES	5,598,000	6,250,000	6,250,000	5,250,000	5,250,000

The Council on Postsecondary Education administers three federal programs (exclusive of the Adult Education related grants): Improving Educator Quality State Grant program, Gaining Early Awareness and Readiness for Undergraduate programs (GEAR UP) Kentucky, and the Fund for the Improvement of Postsecondary Education (FIPSE).

The Improving Educator Quality State Grant program focuses on preparing, training, and recruiting high-quality teachers. The Council on Postsecondary Education provides competitive grants to partnerships comprised of schools of education and arts and sciences, along with one or more high-need local school districts.

The Gaining Early Awareness and Readiness program is a federal initiative that encourages young people to stay in school, study hard and take the right courses to go to college. The program provides a range of services to low-income students by supporting new or expanded activities that strengthen schools. GEAR UP grants are awarded to states as well as partnerships comprising schools, postsecondary institutions and non-school partners. GEAR UP state grants stress early intervention and provide scholarships. Each grant dollar must be matched through a combination of state, local, and private funds.

The Council received its first FIPSE grant in 2002 to develop a statewide advising outreach network for high school students and adult learners who want to go on to college and for students who wish to transfer from two-year to four-year institutions. The grant funds the system referred to as U-CAN, the university coordinated advising network. Key partners include the Kentucky Community and Technical College System, the Kentucky Department of Education, the Kentucky Higher Education Assistance Authority, a number of postsecondary institutions, school districts, and adult education learning centers. Through matching funds, improvements are being made to and activities expanded in the Kentucky Virtual University call center.

**Postsecondary Education
Council on Postsecondary Education
Strategic Investment and Incentive Funding Program**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	80,087,300	73,862,100	188,474,100	38,984,900	48,663,400
Continuing Appropriation	250,800				
Budget Reduction	-1,712,800				
Total General Fund	78,625,300	73,862,100	188,474,100	38,984,900	48,663,400
Tobacco Settlement-Phase I					
Tobacco Settlement - I	4,691,200	5,591,100	5,685,600	5,586,100	5,680,600
Other	788,900				
Total Tobacco Settlement-Phase I	5,480,100	5,591,100	5,685,600	5,586,100	5,680,600
Restricted Funds					
Balance Forward	51,400				
Current Receipts	1,302,000	1,302,000	1,302,000	1,302,000	1,302,000
Total Restricted Funds	1,353,400	1,302,000	1,302,000	1,302,000	1,302,000
Federal Funds					
Balance Forward	4,500				
Current Receipts	13,496,900	13,849,400	13,849,400	13,849,400	13,849,400
Total Federal Funds	13,501,400	13,849,400	13,849,400	13,849,400	13,849,400
TOTAL SOURCE OF FUNDS	98,960,200	94,604,600	209,311,100	59,722,400	69,495,400
EXPENDITURES BY CLASS					
Personnel Cost	3,521,500	3,873,100	3,922,300	3,193,100	3,194,900
Operating Expenses	3,919,100	7,860,500	7,840,100	3,584,500	3,577,500
Grants, Loans or Benefits	62,609,600	82,871,000	100,006,700	52,944,800	53,044,500
Debt Service	22,493,000		97,542,000		9,678,500
TOTAL EXPENDITURES	92,543,200	94,604,600	209,311,100	59,722,400	69,495,400
EXPENDITURES BY FUND SOURCE					
General Fund	72,208,300	73,862,100	188,474,100	38,984,900	48,663,400
Tobacco Settlement-Phase I	5,480,100	5,591,100	5,685,600	5,586,100	5,680,600
Restricted Funds	1,353,400	1,302,000	1,302,000	1,302,000	1,302,000
Federal Funds	13,501,400	13,849,400	13,849,400	13,849,400	13,849,400
TOTAL EXPENDITURES	92,543,200	94,604,600	209,311,100	59,722,400	69,495,400
EXPENDITURES BY UNIT					
Research Challenge Trust Fund	5,480,100	5,591,100	21,643,600	5,586,100	5,680,600
Regional University Excellence Trust Fund			4,256,000		
Technology Initiative Trust Fund	7,012,800	11,180,200	20,415,200	7,848,100	7,848,100
Physical Facilities Trust Fund	22,493,000		67,099,000		9,678,500
Workforce Development Trust Fund	1,200,000		1,064,000		
Adult Education and Literacy Funding Program	37,978,600	41,127,400	43,127,400	36,127,400	36,127,400
Science and Technology Funding Program	10,185,700	19,555,900	19,555,900	8,160,800	8,160,800
Research Support Funding Program	3,000,000				
Special Initiatives Funding Program	902,000	9,050,000	9,050,000		
Regional Stewardship Funding Program	3,484,800	2,100,000	2,100,000	1,500,000	1,500,000
Performance Funding	806,200	6,000,000	21,000,000	500,000	500,000
TOTAL EXPENDITURES	92,543,200	94,604,600	209,311,100	59,722,400	69,495,400

**POSTSECONDARY EDUCATION
STRATEGIC INVESTMENT AND INCENTIVE FUNDING PROGRAM**

The **Strategic Investment and Incentive Funding Program** was created in the Kentucky Postsecondary Education Improvement Act of 1997, codified as KRS 164.7911. This program consists of appropriations for six Strategic Investment and Incentive Trust Funds: the Research Challenge Trust Fund, the Regional University Excellence Trust Fund, the Technology Initiative Trust Fund, the Physical Facilities Trust Fund, the Postsecondary Workforce Development Trust Fund, and the Student Financial Aid and Advancement Trust Fund. The Council has also established through the budget process three Strategic Investment and Incentive Funding Programs: the Adult Education and Literacy Funding Program, the Science and Technology Funding Program, and the Regional Stewardship Funding Program. These appropriations are made to the Council, which is responsible for establishing criteria and distributing these funds to postsecondary institutions in a manner that will allow the Commonwealth to reach the six goals established in KRS 164.003(2).

	<u>FY 2009</u>	<u>FY 2010</u>
Research Challenge Trust Fund		
Bucks for Brains - Bonds	50,000,000	
Lung Cancer Research Phase I Tobacco Settlement Funding	5,586,100	5,680,600
Regional University Excellence Trust Fund		
Bucks for Brains - Bonds	10,000,000	
Physical Facilities Trust Fund		
Debt Service for \$113,682,000 in Bond Funded Projects		9,678,500
Technology Initiatives Trust Fund	7,848,100	7,848,100
Adult Education and Literacy Funding Program	36,127,400	36,127,400
Science and Technology Funding Program	8,160,800	8,160,800
Regional Stewardship Funding Program	1,500,000	1,500,000
Performance Funding	500,000	
TOTAL FUNDING PROGRAM APPROPRIATIONS	<u>125,119,400</u>	<u>68,995,400</u>

Research Challenge Trust Fund

The Research Challenge Trust Fund includes funding from the Phase I Tobacco Settlement devoted to the Lung Cancer Research Trust Fund established by KRS 164.476.

The Executive Budget includes \$50,000,000 in bond funds for the Bucks for Brains program within the Research Challenge Trust Fund. Two-thirds of these funds are for the University of Kentucky and one-third is for the University of Louisville pursuant to KRS 164.7917. The funds are used for an endowment matching program. The two universities use donated funds to match the \$50,000,000 and the combined \$100,000,000 is used to create new endowments or expand existing endowments for chairs, professorships, fellowships, and research-related mission support. Only the investment income from the endowments may be expended.

Regional University Excellence Trust Fund

The Executive Budget includes \$10,000,000 in bond funds for the Regional University Excellence Trust Fund. The purpose of the Fund is to provide financial assistance to encourage regional universities to develop a nationally recognized program.

Physical Facilities Trust Fund - \$9,678,500 from the General Fund is provided in fiscal year 2010 for debt service for \$113,682,000 in bond funded projects for the Council and the public postsecondary education institutions, including the Bucks for Brains bond funds.

Technology Initiatives Trust Fund

Funding is provided for the following subsidiary programs of the Technology Initiatives Trust Fund:

1. Kentucky Postsecondary Education Network (KPEN) is an Internet protocol-optimized network specifically designed for postsecondary education requirements and applications. It accommodates high-demand, high-access Internet users and provides an easy mechanism for expansion of network services. Expanded KPEN services extend to all postsecondary education institutions through the Master Agreement developed between the University of Kentucky and the vendor, Alltel, Inc. The Council on Postsecondary Education, working through the University of Kentucky, financially supports a baseline network for the state-supported postsecondary education institutions. Institutions may purchase additional services and bandwidth directly from the Master Agreement with the vendor.
2. Faculty Development is provided in collaboration with one or more institutions to sponsor statewide initiatives. These initiatives serve an agenda-setting function, drawing attention to important dimensions of faculty development linked to system goals.
3. Kentucky Virtual Campus and Virtual Library -- the technology contracts to operate these systems are included in the program.

Adult Education and Literacy Funding Program

The Adult Education Reform Act provided the foundation for improving the educational status of adult Kentuckians who do not have a high school diploma, who function at low levels of literacy or who want to learn the English language.

The Act also created a partnership between the Council on Postsecondary Education and the Department for Adult Education and Literacy. The partnership was strengthened in July 2003 by the organizational transition of the newly renamed "Kentucky Adult Education" from the Cabinet for Workforce Development to the Council on Postsecondary Education. This reorganization positions Kentucky Adult Education at the forefront of education in the Commonwealth and facilitates the program's momentum toward the next level of achievement by creating new avenues for reaching adult learners and helping them transition to postsecondary education and employment.

Base funding is distributed to local organizations through grants for adult basic education and literacy services, the cornerstone of Kentucky Adult Education. The Kentucky Adult Education Reform Act requires services to be targeted to communities with the greatest need, so funds are allocated using a formula based on the number of adults in each county functioning at low literacy levels.

Through this funding, every Kentucky county is served by a comprehensive adult education provider that offers all levels of adult education instruction, family literacy, and employability and life skills instruction. Many providers also offer English as a Second Language classes and workplace education. Every provider operates one or more sites throughout the county to meet the unique learning needs of its target population. Kentucky Adult Education contracts with local boards of education, community and technical colleges, community-based organizations, education consortia, public and private non-profit organizations and correctional institutions to provide adult education and literacy services in a variety of settings and locations.

Science and Technology Funding Program

The Science and Technology Funding program supports the programs established by the Kentucky Innovation Act, enacted by the 2000 General Assembly, and amended in subsequent sessions, and codified as KRS 164.6011 through 164.6043. Funding is provided each year of the biennium for the suite of Science and Technology programs which include: **the Research and Development Voucher** program that provides vouchers to small and medium-size Kentucky-based companies that undertake research and development work in partnership with universities in the Commonwealth, the **Commercialization Fund** that provides development funds for promising technologies developed through the research and development work undertaken at the universities in the Commonwealth, and the **Rural Innovation** program that provides funding to Kentucky-based companies with fewer than 150 employees. Recipient companies contract with an accredited postsecondary institution, the **Experimental Program to Stimulate Competitive Research (EPSCoR)** program, a highly collaborative and successful federal research and development program initiated by the National Science Foundation in 1978 that leverages state matching funds to bring additional federal research dollars to Kentucky. The Science and Technology Funding Program also provides funding for the **Science and Engineering Foundation**. The Science and Engineering Foundation, expanding on the existing EPSCoR program and funding, is modeled in part after the National Science Foundation and makes investments in peer-reviewed science and engineering research, to accelerate the rate of research and development funds and work to increase the amount of federal and private sector funds for this work in Kentucky. The Science and Technology Funding program provides funding each year for the **Knowledge-Based Economy Academic Programs** in engineering and information technology. The Council on Postsecondary Education directed the public

universities and colleges to work together to design a statewide strategy to educate more engineers, to integrate engineering education more closely into the technology-driven New Economy, and to recruit more women and minorities into engineering. Students at Western Kentucky University, Murray State University, the University of Louisville, and the University of Kentucky are enrolled in joint engineering classes.

Regional Stewardship Funding Program - This program provides financing to the comprehensive postsecondary education institutions to promote regional and statewide economic development, livable communities, and civic participation through public engagement activities initiated by university faculty and staff. The universities design and implement programs that align institutional priorities, resources, and infrastructure to support their missions as stewards of place, and to create partnerships that address regional and state needs.

Performance Funding - The Executive Budget includes \$500,000 from the General Fund in each fiscal year to reward the postsecondary education institutions for relative performance.

**Postsecondary Education
Kentucky Higher Education Assistance Authority**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	174,304,900	296,077,800	311,198,200	164,750,300	165,266,300
Continuing Appropriation	745,500	1,000,000	1,000,000	1,000,000	1,000,000
Total General Fund	175,050,400	297,077,800	312,198,200	165,750,300	166,266,300
Tobacco Settlement-Phase I					
Tobacco Settlement - I	900,000	1,000,000	1,000,000	1,000,000	1,000,000
Continuing Appropriation	208,600				
Other	300,000				
Total Tobacco Settlement-Phase I	1,408,600	1,000,000	1,000,000	1,000,000	1,000,000
Restricted Funds					
Balance Forward	1,546,900	560,400	238,200	1,144,500	322,400
Current Receipts	23,667,800	21,747,100	22,305,300	21,770,900	22,230,600
Non-Revenue Receipts	12,396,200	8,101,200	7,737,900	8,719,900	7,665,900
Total Restricted Funds	37,610,900	30,408,700	30,281,400	31,635,300	30,218,900
Federal Funds					
Current Receipts	1,568,000	1,568,000	1,568,000	1,568,000	1,568,000
Total Federal Funds	1,568,000	1,568,000	1,568,000	1,568,000	1,568,000
TOTAL SOURCE OF FUNDS	215,637,900	330,054,500	345,047,600	199,953,600	199,053,200
EXPENDITURES BY CLASS					
Personnel Cost	14,124,600	17,168,600	17,728,400	14,351,900	14,813,200
Operating Expenses	2,683,000	2,674,600	2,674,600	2,674,600	2,674,600
Grants, Loans or Benefits	195,941,200	308,228,800	323,901,900	180,860,400	179,822,400
Debt Service	744,600	744,300	742,700	744,300	742,700
TOTAL EXPENDITURES	213,493,400	328,816,300	345,047,600	198,631,200	198,052,900
EXPENDITURES BY FUND SOURCE					
General Fund	174,050,400	296,077,800	312,198,200	164,750,300	165,266,300
Tobacco Settlement-Phase I	1,408,600	1,000,000	1,000,000	1,000,000	1,000,000
Restricted Funds	36,466,400	30,170,500	30,281,400	31,312,900	30,218,600
Federal Funds	1,568,000	1,568,000	1,568,000	1,568,000	1,568,000
TOTAL EXPENDITURES	213,493,400	328,816,300	345,047,600	198,631,200	198,052,900
EXPENDITURES BY UNIT					
General Administration and Support	17,004,500	20,018,100	20,567,800	17,223,100	17,682,800
College Access Program	62,211,000	137,734,900	143,347,100	61,615,500	61,615,500
Work Study Program	850,000	850,000	850,000		
Kentucky Tuition Grant	32,540,300	37,327,400	37,198,400	32,764,600	32,764,600
Teacher Scholarships	2,251,500	2,251,500	2,251,500	2,065,500	2,065,500
Ky National Guard Tuition	4,720,000	22,400	22,400	4,744,500	4,744,500
Osteopathic Medicine Scholarship	1,024,300	854,400	803,200	854,400	854,400
Ky Educational Excellence Scholarships	89,489,300	91,785,500	93,048,400	76,393,700	75,355,700
Early Childhood Development Scholarships	1,701,100	1,299,800	1,299,800	1,292,500	1,292,500
Kentucky's Affordable Prepaid Tuition (KAPT)	547,700	569,400	577,900	547,700	547,700
Robert C Byrd Honors Scholarship	568,000	568,000	568,000	568,000	568,000
Mary Jo Young Scholarship	385,700	385,700	385,700	385,700	385,700
Go Higher Grant Program	200,000	200,000	200,000	176,000	176,000
Pharmacy Scholarship Program			1,000,000		
Student Loan Forgiveness Programs		34,949,200	42,927,400		
TOTAL EXPENDITURES	213,493,400	328,816,300	345,047,600	198,631,200	198,052,900

The Kentucky Higher Education Assistance Authority's (KHEAA) mission is to improve the higher education opportunities of persons who are attending or planning to attend eligible institutions. The Kentucky Higher Education Assistance Authority provides student financial aid, allowing each student to choose institutions appropriate to each person's education and career objectives as provided under KRS 164.740 - 164.785.

KHEAA administers state grants, work study, scholarships, and college savings programs for postsecondary students. The agency is the designated guarantor of insured student loans and disseminates postsecondary school and financial aid information.

The Kentucky Higher Education Assistance Authority administers the following student aid programs:

The College Access Program awards grants to Kentucky's financially needy undergraduate students enrolled in a public or private non-profit college, public technical college, or proprietary school.

The Kentucky Tuition Grant program provides need-based grants to qualified Kentucky students who choose to attend one of the Commonwealth's 24 participating independent colleges and is designed to assist full-time students with tuition charges at these schools.

The Kentucky Educational Excellence Scholarships (KEES) program provides merit-based scholarships to eligible high school students based on their yearly grade point average and supplemental awards based on their highest ACT (or equivalent SAT) score attained by their high school graduation date. The scholarships can be used to pay the expenses of each year of college or technical training.

The Teacher Scholarship program is designed to assist financially needy Kentucky students with the costs incurred while seeking initial teacher certification. Recipients must agree to render qualified teaching service in the Commonwealth.

The Kentucky National Guard Tuition Award program provides tuition assistance to active members of the Kentucky National Guard to attend Kentucky's state-supported postsecondary educational institutions. The Department of Military Affairs selects the recipients and KHEAA forwards funds to the schools to be disbursed to the students.

The Osteopathic Medicine Scholarship program provides tuition equalization awards to eligible students who choose to attend a Kentucky school of osteopathic medicine rather than a state medical school. Recipients must agree to provide medical services in Kentucky one year for each year they receive a scholarship.

The Pharmacy Scholarship Program provides tuition equalization awards to eligible students who choose to attend a private Kentucky school of pharmacy located in an Appalachian Regional Commission county. Recipients must agree to provide pharmacy services in Kentucky one year for each year they receive a scholarship.

The Early Childhood Development Scholarship program provides tuition assistance to Kentucky residents pursuing a credential, certificate, or degree in early childhood education. It was established to upgrade the professional development of child-care workers and trainers who do not have access to state or federal professional development funds.

The Robert C. Byrd Honors Scholarship program is a federally-funded merit-based program that awards scholarships to qualified high school seniors and GED recipients who demonstrate outstanding academic achievement.

The Go Higher Grant Program provides needs-based scholarships from coal severance dollars to students from coal producing counties to pursue a certificate, diploma, or degree in one of Kentucky's participating public and private colleges, universities, technical colleges and vocational training institutions.

Policy

Included in the General Fund for the College Access Program (CAP) is \$60,262,000 in fiscal year 2009 and in fiscal year 2010, \$60,262,000. Included in the federal funds for CAP is \$1,000,000 in each fiscal year of the 2008-2010 biennium.

Included in the General Fund for the Kentucky Tuition Grant program is \$32,476,200 in each fiscal year of the 2008-2010 biennium.

The KEES program funding is \$76,393,700 in fiscal year 2009 and \$75,355,700 in fiscal year 2010. The lottery dedication statute is suspended so that the need-based student financial aid programs are not reduced.

Included in the General Fund for the Teacher Scholarship Program is \$1,777,100 in each fiscal year of the 2008-2010 biennium, notwithstanding the provisions of KRS 154A.130(4). Included in the restricted funds for the Teacher Scholarship Program is \$288,400 in each of the 2008-2010 biennium.

The Executive Budget includes funding for the National Guard Tuition Assistance Program, \$4,744,500 in fiscal year 2009 and \$4,744,500 in fiscal year 2010.

Included in the General Fund for the Osteopathic Medicine Scholarships is \$854,400 in each fiscal year from Coal Severance Tax revenues.

The Early Childhood Development Scholarship program is funded with \$1,000,000 in each fiscal year from Tobacco Settlement funds.

Postsecondary Education
Postsecondary Education Institutions

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,110,139,200	1,207,935,900	1,285,502,900	969,875,500	969,906,100
Special Appropriation	2,000,000				
Budget Reduction	-32,521,200				
Total General Fund	1,079,618,000	1,207,935,900	1,285,502,900	969,875,500	969,906,100
Restricted Funds					
Current Receipts	3,021,563,600	3,169,926,400	3,318,643,400	3,029,487,700	3,041,810,200
Total Restricted Funds	3,021,563,600	3,169,926,400	3,318,643,400	3,029,487,700	3,041,810,200
Federal Funds					
Current Receipts	670,354,600	700,325,000	737,019,200	673,736,200	679,266,900
Total Federal Funds	670,354,600	700,325,000	737,019,200	673,736,200	679,266,900
TOTAL SOURCE OF FUNDS	4,771,536,200	5,078,187,300	5,341,165,500	4,673,099,400	4,690,983,200
EXPENDITURES BY CLASS					
Personnel Cost	2,542,501,000	2,700,317,900	2,840,917,400	2,484,513,900	2,495,129,900
Operating Expenses	1,479,110,000	1,573,006,300	1,659,145,300	1,449,675,400	1,453,646,600
Grants, Loans or Benefits	509,431,000	541,958,500	572,931,200	494,265,600	497,076,700
Debt Service	82,042,700	94,362,700	95,761,400	91,147,800	91,439,400
Capital Outlay	158,451,500	168,541,900	172,410,200	153,496,700	153,690,600
TOTAL EXPENDITURES	4,771,536,200	5,078,187,300	5,341,165,500	4,673,099,400	4,690,983,200
EXPENDITURES BY FUND SOURCE					
General Fund	1,079,618,000	1,207,935,900	1,285,502,900	969,875,500	969,906,100
Restricted Funds	3,021,563,600	3,169,926,400	3,318,643,400	3,029,487,700	3,041,810,200
Federal Funds	670,354,600	700,325,000	737,019,200	673,736,200	679,266,900
TOTAL EXPENDITURES	4,771,536,200	5,078,187,300	5,341,165,500	4,673,099,400	4,690,983,200
EXPENDITURES BY UNIT					
Eastern Kentucky University	286,668,900	306,038,500	324,327,700	289,081,000	302,534,500
Kentucky State University	63,265,700	66,209,500	67,609,200	60,253,100	60,252,100
Morehead State University	178,994,000	187,031,400	194,128,500	176,719,800	181,014,500
Murray State University	148,823,100	161,154,100	169,235,200	142,467,400	142,467,400
Northern Kentucky University	198,347,000	225,202,100	245,200,000	194,738,200	194,747,700
University of Kentucky	2,062,135,700	2,172,407,000	2,271,547,600	2,026,050,400	2,026,083,700
University of Louisville	862,408,200	908,326,500	946,769,200	848,720,000	848,525,700
Western Kentucky University	312,088,500	338,548,000	357,654,000	303,061,300	303,349,400
Kentucky Community and Technical College System	658,805,100	713,270,200	764,694,100	632,008,200	632,008,200
TOTAL EXPENDITURES	4,771,536,200	5,078,187,300	5,341,165,500	4,673,099,400	4,690,983,200

**Postsecondary Education
Postsecondary Education Institutions
Eastern Kentucky University**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	80,230,200	87,222,000	92,077,500	70,264,500	70,284,300
Budget Reduction	-2,392,800				
Total General Fund	77,837,400	87,222,000	92,077,500	70,264,500	70,284,300
Restricted Funds					
Current Receipts	129,181,500	134,387,500	142,755,500	134,387,500	142,755,500
Total Restricted Funds	129,181,500	134,387,500	142,755,500	134,387,500	142,755,500
Federal Funds					
Current Receipts	79,650,000	84,429,000	89,494,700	84,429,000	89,494,700
Total Federal Funds	79,650,000	84,429,000	89,494,700	84,429,000	89,494,700
TOTAL SOURCE OF FUNDS	286,668,900	306,038,500	324,327,700	289,081,000	302,534,500
EXPENDITURES BY CLASS					
Personnel Cost	156,514,000	167,018,100	175,659,500	157,691,300	164,553,900
Operating Expenses	71,934,300	76,545,700	82,647,400	71,898,500	75,593,300
Grants, Loans or Benefits	52,728,300	55,325,400	57,799,900	53,171,400	55,645,900
Debt Service	468,800	2,009,400	2,229,200	2,009,400	2,229,200
Capital Outlay	5,023,500	5,139,900	5,991,700	4,310,400	4,512,200
TOTAL EXPENDITURES	286,668,900	306,038,500	324,327,700	289,081,000	302,534,500
EXPENDITURES BY FUND SOURCE					
General Fund	77,837,400	87,222,000	92,077,500	70,264,500	70,284,300
Restricted Funds	129,181,500	134,387,500	142,755,500	134,387,500	142,755,500
Federal Funds	79,650,000	84,429,000	89,494,700	84,429,000	89,494,700
TOTAL EXPENDITURES	286,668,900	306,038,500	324,327,700	289,081,000	302,534,500

Eastern Kentucky University (EKU), located in Richmond, Kentucky, was established by the General Assembly in 1906 when it created two schools for the training of teachers. Originally designated the Eastern Kentucky State Normal School, the 1922 General Assembly changed the name to the Eastern Kentucky State Normal School and Teachers College and passed an enabling act permitting the university to confer academic degrees. In 1930, the name was changed to Eastern Kentucky State Teachers College, then to Eastern Kentucky State College in 1948, and finally to Eastern Kentucky University in 1966. The governing body of the University is the Board of Regents, consisting of eight members appointed by the Governor of Kentucky, one faculty member elected by the faculty, one student member elected by the students, and one staff member elected by the staff. The Board has general supervision of lands, buildings, and other properties of the University, subject to the statutes of the Commonwealth of Kentucky.

Eastern Kentucky University's goal, mandated by House Bill 1, is to have at least one nationally recognized program of distinction or one nationally recognized applied research program, as well as to work cooperatively with other postsecondary institutions to assure statewide access to baccalaureate and master's degrees of a quality at or above the national average.

To advance this agenda, EKU's programs have a strong liberal arts and sciences undergraduate core that prepares students to live and work in a global society. It offers a comprehensive array of baccalaureate, master's, and specialist programs and may offer programs beyond the master's degree to meet the needs of teachers, educational leaders, and other certified school personnel. Collaborative doctoral programs also may be offered through the University of Kentucky and the University of Louisville to meet state needs, along with sub-associate or associate degree programs that meet community needs in consultation with KCTCS.

Eastern Kentucky University boasts a number of nationally recognized graduate programs in targeted areas of opportunity, including its Program of Distinction in justice and safety. Distinctive educational experiences geared to the specific needs and interests of students include service learning, international education, and opportunities for discovery-based learning.

Eastern Kentucky University maintains moderately selective to selective admissions with a commitment to recruiting a diverse student body that includes dually enrolled high school students. It serves the needs of traditional, nontraditional, and transfer students seeking baccalaureate and advanced degrees and recruits students nationally and internationally to increase intellectual capital and diversity.

Eastern Kentucky University's priorities for action are applied research and scholarly activities that support the primary function of instruction and supplement efforts to improve economic and community development, with an emphasis on survey research, program evaluation, technology, teacher and health care professional preparation, homeland security, entrepreneurship, and natural areas, using resources such as the Lilley Cornett Woods program. As such, the university collaborates with entrepreneurs, business leaders, local and state officials and citizens to identify and respond to regional needs for research, commercialization, the workforce, justice and safety, and homeland security. It also provides and coordinates education services to improve teacher quality and student performance in the region.

Policy

The Executive Budget includes \$471,000 in fiscal year 2010 from the General Fund in the Council on Postsecondary Education's budget for one half-year's debt service for bond funded capital projects in Part II of the Executive Appropriations Act.

**Postsecondary Education
Postsecondary Education Institutions
Kentucky State University**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	28,349,000	30,469,500	31,869,200	24,513,100	24,512,100
Budget Reduction	-823,300				
Total General Fund	27,525,700	30,469,500	31,869,200	24,513,100	24,512,100
Restricted Funds					
Current Receipts	20,520,900	20,520,900	20,520,900	20,520,900	20,520,900
Total Restricted Funds	20,520,900	20,520,900	20,520,900	20,520,900	20,520,900
Federal Funds					
Current Receipts	15,219,100	15,219,100	15,219,100	15,219,100	15,219,100
Total Federal Funds	15,219,100	15,219,100	15,219,100	15,219,100	15,219,100
TOTAL SOURCE OF FUNDS	63,265,700	66,209,500	67,609,200	60,253,100	60,252,100
EXPENDITURES BY CLASS					
Personnel Cost	37,600,600	39,881,900	41,049,100	35,803,500	35,803,500
Operating Expenses	15,490,600	15,890,600	16,125,100	14,686,900	14,687,900
Grants, Loans or Benefits	5,469,200	5,553,800	5,552,800	5,205,700	5,204,700
Debt Service	1,405,100	1,422,800	1,421,800	1,422,800	1,421,800
Capital Outlay	3,300,200	3,460,400	3,460,400	3,134,200	3,134,200
TOTAL EXPENDITURES	63,265,700	66,209,500	67,609,200	60,253,100	60,252,100
EXPENDITURES BY FUND SOURCE					
General Fund	27,525,700	30,469,500	31,869,200	24,513,100	24,512,100
Restricted Funds	20,520,900	20,520,900	20,520,900	20,520,900	20,520,900
Federal Funds	15,219,100	15,219,100	15,219,100	15,219,100	15,219,100
TOTAL EXPENDITURES	63,265,700	66,209,500	67,609,200	60,253,100	60,252,100

Kentucky State College was established in 1886 by an act of the Kentucky General Assembly. In its early years, the institution's purpose was to train Negro teachers for the Negro public schools in the Commonwealth. With the passage of the 1890 Morrill Act by the U.S. Congress, the college became a land grant institution. A tripartite mission was instituted: teaching, research, and public service. The 1972 General Assembly elevated the college to university status, effective July 1, 1973. The governing body of the University, the Board of Regents, is a body corporate and an educational institution and agency of the Commonwealth consisting of eight citizen members appointed by the Governor of Kentucky. A student, faculty and staff representative also serve on the Board and are elected by their respective peers. The government of the University is vested in the Board, and the Board has general supervision of lands, buildings, and other properties of the University, subject to the statutes of the Commonwealth of Kentucky.

Kentucky State University's (KSU) goal, mandated by House Bill 1, is to have at least one nationally recognized program of distinction or one nationally recognized applied research program, as well as to work cooperatively with other postsecondary institutions to assure statewide access to baccalaureate and master's degrees of a quality at or above the national average.

To advance this agenda, KSU's programs have a strong liberal arts and sciences undergraduate core preparing students to live and work in a global society. It offers a targeted array of baccalaureate, master's, and specialist programs with special attention to its mission as a land grant institution and Kentucky's historically black university. It may offer programs beyond the master's degree to meet the needs of teachers, educational leaders, and other certified school personnel. Collaborative doctoral programs also may be offered through the University of Kentucky and the University of Louisville to meet state needs, along with sub-associate or associate degree programs that meet community needs in consultation with KCTCS.

Kentucky State University boasts a number of nationally recognized graduate programs in targeted areas of opportunity, including its Program of Distinction in aquaculture and aquatic sciences. Distinctive educational experiences geared to the specific needs and interests of students include service learning, international education, and opportunities for discovery-based learning.

Kentucky State University maintains moderately selective to selective admissions with a commitment to recruiting a diverse student body. It serves the needs of traditional, nontraditional, and transfer students seeking baccalaureate and advanced degrees and recruits students nationally and internationally to increase intellectual capital and diversity.

Kentucky State University's priorities for action are applied research and scholarly activities that support the primary function of instruction, supplement the university's commitment to land grant and agriculture-related programs, and improve economic and community development, with an emphasis on the development of alternative species and the nutrition, reproductive physiology, genetics, and economics of aquaculture. As such, KSU collaborates with entrepreneurs, business leaders, local and state officials, and citizens to identify and respond to regional needs for research, commercialization, and the workforce. It also provides and coordinates education services to improve teacher quality and student performance in the region.

Policy

The Executive Budget includes \$218,000 in fiscal year 2010 from the General Fund in the Council on Postsecondary Education's budget for one-half year's debt service for a capital project in Part II of the Executive Appropriations Act.

**Postsecondary Education
Postsecondary Education Institutions
Morehead State University**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	48,697,600	52,768,200	55,445,800	42,456,600	42,331,800
Budget Reduction	-1,446,100				
Total General Fund	47,251,500	52,768,200	55,445,800	42,456,600	42,331,800
Restricted Funds					
Current Receipts	70,252,400	74,170,500	78,125,000	74,170,500	78,125,000
Total Restricted Funds	70,252,400	74,170,500	78,125,000	74,170,500	78,125,000
Federal Funds					
Current Receipts	61,490,100	60,092,700	60,557,700	60,092,700	60,557,700
Total Federal Funds	61,490,100	60,092,700	60,557,700	60,092,700	60,557,700
TOTAL SOURCE OF FUNDS	178,994,000	187,031,400	194,128,500	176,719,800	181,014,500
EXPENDITURES BY CLASS					
Personnel Cost	78,892,100	85,748,300	92,036,000	79,866,500	83,868,500
Operating Expenses	28,964,800	29,379,400	29,932,800	27,785,400	27,822,100
Grants, Loans or Benefits	59,716,000	59,423,000	59,795,300	57,123,000	57,495,300
Debt Service	4,641,400	5,286,500	5,161,700	5,286,500	5,161,700
Capital Outlay	6,779,700	7,194,200	7,202,700	6,658,400	6,666,900
TOTAL EXPENDITURES	178,994,000	187,031,400	194,128,500	176,719,800	181,014,500
EXPENDITURES BY FUND SOURCE					
General Fund	47,251,500	52,768,200	55,445,800	42,456,600	42,331,800
Restricted Funds	70,252,400	74,170,500	78,125,000	74,170,500	78,125,000
Federal Funds	61,490,100	60,092,700	60,557,700	60,092,700	60,557,700
TOTAL EXPENDITURES	178,994,000	187,031,400	194,128,500	176,719,800	181,014,500

Morehead State University (MSU), located in Morehead, Kentucky, was established in 1922 by the Kentucky General Assembly. The University's current name was adopted in 1966 pursuant to an act of the General Assembly. The governing body of the University, the Board of Regents, is a body corporate and an educational institution and agency of the Commonwealth, consisting of eight citizen members appointed by the Governor of Kentucky. A student, faculty and staff representative also serve on the Board and are elected by their respective peers. The government of the University is vested in the Board, and the Board has general supervision of lands, buildings, and other properties of the University, subject to the statutes of the Commonwealth of Kentucky. The University was established primarily for the purpose of training teachers, administrators and supervisors for the elementary and secondary schools of the state, but has over the years expanded its facilities and curriculum to serve as a general regional institution of higher learning.

Morehead State University's goal, mandated by House Bill 1, is to have at least one nationally recognized program of distinction or one nationally recognized applied research program, as well as to work cooperatively with other postsecondary institutions to assure statewide access to baccalaureate and master's degrees of a quality at or above the national average.

To advance this agenda, MSU's programs have a strong liberal arts and sciences undergraduate core preparing students to live and work in a global society. The University offers a comprehensive array of baccalaureate, master's, and specialist programs, with special attention to protecting, preserving, and improving the unique heritage of the eastern Kentucky Appalachian region. It may offer programs beyond the master's degree to meet the requirements for teachers, educational leaders, and other certified school personnel. Collaborative doctoral programs also may be offered through the University of Kentucky and the University of Louisville to meet state needs, along with sub-associate or associate degree programs to meet community needs in consultation with KCTCS.

Morehead State University boasts a number of nationally recognized graduate programs in targeted areas of opportunity, including its Program of Distinction, the Institute for Regional Analysis and Public Policy, and the Space Science Center. Distinctive educational experiences geared to the specific needs and interests of students include service learning, international education, and opportunities for discovery-based learning.

Morehead State University maintains moderately selective to selective admissions with a commitment to recruiting a diverse student body that includes first-generation and low-income students from the eastern Kentucky Appalachian region. It serves the needs of traditional, nontraditional, and transfer students seeking baccalaureate and advanced degrees and recruits students nationally and internationally to increase intellectual capital and diversity.

Morehead State University's priorities for action are applied research and scholarly activities that support the primary function of instruction and supplement efforts to improve economic and community development, with an emphasis on entrepreneurship, teacher education, space-related science and technology, visual and performing arts, and regional public policy. As such, Morehead collaborates with entrepreneurs, business leaders, local and state officials, and citizens to identify and respond to regional needs for research, commercialization, and the workforce. Morehead State University also works directly with schools and educational agencies to improve teacher quality and student performance in the region.

Policy

The Executive Budget includes \$112,500 in fiscal year 2010 from the General Fund in the Council on Postsecondary Education's budget for one half-year's debt service for capital projects in Part II of the Executive Appropriations Act.

**Postsecondary Education
Postsecondary Education Institutions
Murray State University**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	56,068,700	60,021,900	63,371,600	48,030,900	48,030,900
Budget Reduction	-1,682,100				
Total General Fund	54,386,600	60,021,900	63,371,600	48,030,900	48,030,900
Restricted Funds					
Current Receipts	82,134,500	88,589,400	92,929,200	82,134,500	82,134,500
Total Restricted Funds	82,134,500	88,589,400	92,929,200	82,134,500	82,134,500
Federal Funds					
Current Receipts	12,302,000	12,542,800	12,934,400	12,302,000	12,302,000
Total Federal Funds	12,302,000	12,542,800	12,934,400	12,302,000	12,302,000
TOTAL SOURCE OF FUNDS	148,823,100	161,154,100	169,235,200	142,467,400	142,467,400
EXPENDITURES BY CLASS					
Personnel Cost	96,153,000	102,855,700	108,329,400	91,845,900	91,845,900
Operating Expenses	40,531,900	42,075,500	43,589,800	38,936,700	38,942,600
Grants, Loans or Benefits	6,904,700	6,983,700	6,983,700	6,596,600	6,596,600
Debt Service	1,678,500	4,678,500	5,780,000	1,678,500	1,678,500
Capital Outlay	3,555,000	4,560,700	4,552,300	3,409,700	3,403,800
TOTAL EXPENDITURES	148,823,100	161,154,100	169,235,200	142,467,400	142,467,400
EXPENDITURES BY FUND SOURCE					
General Fund	54,386,600	60,021,900	63,371,600	48,030,900	48,030,900
Restricted Funds	82,134,500	88,589,400	92,929,200	82,134,500	82,134,500
Federal Funds	12,302,000	12,542,800	12,934,400	12,302,000	12,302,000
TOTAL EXPENDITURES	148,823,100	161,154,100	169,235,200	142,467,400	142,467,400

Murray State University (MSU), located in Murray, Kentucky, was established in 1922 as Murray Normal School by the General Assembly, which changed its name to Murray State University in 1966. The University's main campus is a 232-acre site, and two agricultural farms totaling 351 acres lie within one mile of the campus. The governing body is the Board of Regents, consisting of eight members appointed by the Governor, one faculty member elected by the faculty, one staff member elected by the staff, and one student member elected by students. Pursuant to KRS 164.350, the Board of Regents is a body corporate with the powers usually vested in corporations and, as such, has control and management of the University, subject to the statutes of the Commonwealth.

Murray State University's goal, mandated by House Bill 1, is to have at least one nationally recognized program of distinction or applied research program, as well as to work cooperatively with other postsecondary institutions to assure statewide access to baccalaureate and master's degrees of a quality at or above the national average.

To advance this agenda, MSU's programs have a strong liberal arts and sciences undergraduate core preparing students to live and work in a global society. The University offers a comprehensive array of baccalaureate, master's, and specialist programs, with special attention to agriculture, business, health and human services, teacher education, communications, engineering, and applied technologies. It may offer programs beyond the master's degree to meet the needs of teachers, educational leaders, and other certified school personnel. Collaborative doctoral programs also may be offered through the University of Kentucky and the University of Louisville to meet state needs, along with sub-associate or associate degree programs that meet community needs in consultation with KCTCS.

Murray State University boasts a number of nationally recognized graduate programs in targeted areas of opportunity, including its Program of Distinction in telecommunications systems management, the Ecosystem and Reservoir Research Center of Excellence. Distinctive educational experiences geared to the specific needs and interests of students include service learning, international education, opportunities for discovery-based learning, and residential colleges.

Murray State University maintains moderately selective to selective admissions with a commitment to recruiting a diverse student body that includes dually enrolled high school students. It serves the needs of traditional, nontraditional, and transfer students seeking baccalaureate and advanced degrees and recruits students nationally and internationally to increase intellectual capital and diversity.

Murray State University's priorities for action are applied research and scholarly activities that support the primary function of instruction and supplement efforts to improve economic and community development, with an emphasis on ecosystems, reservoir management, telecommunications, agriculture, entrepreneurship, and teaching pedagogy. The University places a high premium on academic outreach, collaborative relationships with alumni, the public schools, business and industry, governmental agencies, and other colleges and universities at home and abroad.

Murray State University provides or coordinates education services to meet the economic and community needs of its designated area of geographic responsibility. It collaborates with entrepreneurs, business leaders, local and state officials, and citizens to identify and respond to regional needs for research, commercialization, and the workforce. It also works directly with schools and educational agencies to improve teacher quality and student performance in the region.

**Postsecondary Education
Postsecondary Education Institutions
Northern Kentucky University**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	55,330,000	63,851,300	69,398,500	50,068,200	50,077,700
Budget Reduction	-1,653,000				
Total General Fund	53,677,000	63,851,300	69,398,500	50,068,200	50,077,700
Restricted Funds					
Current Receipts	130,338,800	145,519,600	157,370,300	130,338,800	130,338,800
Total Restricted Funds	130,338,800	145,519,600	157,370,300	130,338,800	130,338,800
Federal Funds					
Current Receipts	14,331,200	15,831,200	18,431,200	14,331,200	14,331,200
Total Federal Funds	14,331,200	15,831,200	18,431,200	14,331,200	14,331,200
TOTAL SOURCE OF FUNDS	198,347,000	225,202,100	245,200,000	194,738,200	194,747,700
EXPENDITURES BY CLASS					
Personnel Cost	115,951,200	128,994,500	142,072,500	112,251,500	112,251,500
Operating Expenses	42,095,600	49,930,100	53,362,700	40,854,300	40,854,300
Grants, Loans or Benefits	25,265,400	28,083,600	31,083,600	24,449,800	24,449,800
Debt Service	7,883,700	10,500,000	10,509,500	10,261,700	10,271,200
Capital Outlay	7,151,100	7,693,900	8,171,700	6,920,900	6,920,900
TOTAL EXPENDITURES	198,347,000	225,202,100	245,200,000	194,738,200	194,747,700
EXPENDITURES BY FUND SOURCE					
General Fund	53,677,000	63,851,300	69,398,500	50,068,200	50,077,700
Restricted Funds	130,338,800	145,519,600	157,370,300	130,338,800	130,338,800
Federal Funds	14,331,200	15,831,200	18,431,200	14,331,200	14,331,200
TOTAL EXPENDITURES	198,347,000	225,202,100	245,200,000	194,738,200	194,747,700

Northern Kentucky University (NKU) is a comprehensive institution of higher education located in a large metropolitan area. The university started in 1948 as an extension center of the University of Kentucky and later was part of the University of Kentucky's Community College System. Northern Kentucky University became an autonomous institution in 1968 by an act of the Kentucky General Assembly. A Board of Regents was appointed, and subsequently, the Board of Trustees of the University of Kentucky turned over the Covington facilities and assets of Northern Kentucky Community College to Northern Kentucky State College. These facilities, along with the community college faculty and students, formed the nucleus of NKU. Limited space at the Covington campus and a rapidly growing enrollment necessitated the move to a new campus in Highland Heights in the fall of 1972. The first bachelor's degrees were awarded in the spring of 1973. In 1976, Northern Kentucky State College was renamed Northern Kentucky University under KRS 164.290.

Northern Kentucky University's goal, mandated by House Bill 1, is to have at least one nationally recognized program of distinction or one nationally recognized applied research program, as well as working cooperatively with other postsecondary institutions to assure statewide access to baccalaureate and master's degrees of a quality at or above the national average.

To advance this agenda, NKU's programs have a strong liberal arts and sciences undergraduate core preparing students to live and work in a global society. It offers a comprehensive array of baccalaureate, master's, and specialist programs, a first-professional program in law, and may offer programs beyond the master's degree to meet the needs of teachers, educational leaders, and other certified school personnel. Collaborative doctoral programs also may be offered through the University of Kentucky and the University of Louisville to meet state needs, along with sub-associate or associate degree programs that meet local needs in consultation with KCTCS.

Northern Kentucky University boasts a number of nationally recognized graduate programs in targeted areas of opportunity, including its Program of Distinction, the Center for Integrative Natural Science and Mathematics. Distinctive educational experiences geared to the specific needs and interests of students include service learning, international education, opportunities for discovery-based learning, undergraduate research, community-based learning, and civic engagement.

Northern Kentucky University maintains moderately selective to selective admissions with a commitment to recruiting a diverse, well-qualified undergraduate and graduate student body. It serves the needs of traditional, nontraditional, and transfer students seeking baccalaureate and advanced degrees and recruits students nationally and internationally to increase intellectual capital and diversity.

Northern Kentucky University emphasizes public engagement as a defining and nationally recognized quality of the university. As such, its priorities for action are applied research and scholarly activities that support the primary function of instruction and supplement efforts to improve economic and community development, with an emphasis on entrepreneurship and improving math and science instruction. Northern Kentucky University collaborates with entrepreneurs, business leaders, local and state officials, and citizens to identify and respond to regional needs for research, commercialization, and the workforce. It is committed to partnerships that support economic development, P-12 excellence, local government effectiveness, quality healthcare, nonprofit management, and civic literacy. Finally, NKU is committed to becoming a center for the performing and visual arts.

Postsecondary Education
Postsecondary Education Institutions
University of Kentucky

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	335,016,500	359,544,800	375,412,800	290,879,100	290,912,400
Special Appropriation	2,000,000				
Budget Reduction	-10,052,100				
Total General Fund	326,964,400	359,544,800	375,412,800	290,879,100	290,912,400
Restricted Funds					
Current Receipts	1,544,842,600	1,613,017,100	1,686,297,400	1,544,842,600	1,544,842,600
Total Restricted Funds	1,544,842,600	1,613,017,100	1,686,297,400	1,544,842,600	1,544,842,600
Federal Funds					
Current Receipts	190,328,700	199,845,100	209,837,400	190,328,700	190,328,700
Total Federal Funds	190,328,700	199,845,100	209,837,400	190,328,700	190,328,700
TOTAL SOURCE OF FUNDS	2,062,135,700	2,172,407,000	2,271,547,600	2,026,050,400	2,026,083,700
EXPENDITURES BY CLASS					
Personnel Cost	1,041,988,200	1,097,684,700	1,149,643,300	1,022,178,500	1,022,178,500
Operating Expenses	835,464,200	877,695,800	916,985,200	819,394,000	819,394,000
Grants, Loans or Benefits	87,030,900	94,355,300	101,648,700	85,307,300	85,307,300
Debt Service	36,661,600	39,341,800	39,380,700	39,365,200	39,398,500
Capital Outlay	60,990,800	63,329,400	63,889,700	59,805,400	59,805,400
TOTAL EXPENDITURES	2,062,135,700	2,172,407,000	2,271,547,600	2,026,050,400	2,026,083,700
EXPENDITURES BY FUND SOURCE					
General Fund	326,964,400	359,544,800	375,412,800	290,879,100	290,912,400
Restricted Funds	1,544,842,600	1,613,017,100	1,686,297,400	1,544,842,600	1,544,842,600
Federal Funds	190,328,700	199,845,100	209,837,400	190,328,700	190,328,700
TOTAL EXPENDITURES	2,062,135,700	2,172,407,000	2,271,547,600	2,026,050,400	2,026,083,700

The University of Kentucky (UK) is a comprehensive land grant institution located in Lexington, Kentucky. Founded in 1865 under the provisions of the Morrill Land-Grant Act, the University began as part of Kentucky University. In 1878, the Agricultural and Mechanical College was separated from Kentucky University and re-established on land given by Lexington and Fayette County. To provide a separate campus for the new institution, Lexington donated its 50-acre fairground and park, and along with Fayette County, helped construct the buildings. Thirty years later the name was changed to State University, Lexington, Kentucky, before eventually becoming the University of Kentucky in 1916.

As noted in its Campus Action Plan for 2005-2010, the University of Kentucky's goal, mandated by House Bill 1, is to be a major comprehensive research institution ranked nationally in the top 20 public universities.

To advance this agenda, UK's programs have a strong liberal arts and sciences undergraduate core preparing students to live and work in a global society. It offers a comprehensive array of baccalaureate, master's, specialist, and doctoral degree programs consistent with a flagship institution's statewide mission. It also maintains professional programs in dentistry, law, medicine, pharmacy, architecture, engineering, education, and social professions. The graduate and postdoctoral programs emphasize areas supporting statewide economic and community development and are consistent with a nationally-recognized public research university.

The University of Kentucky's programs include innovative post-baccalaureate certificate, master's, and doctoral programs that meet 21st century public needs in traditional and emerging multidisciplinary fields. The University of Kentucky maintains a state leadership role in delivering doctoral education, including collaborative and joint doctoral programs with other

Kentucky postsecondary institutions to address state needs. Distinctive educational experiences include service learning, international education, opportunities for discovery-based learning, living-learning communities, and undergraduate research.

The University of Kentucky has selective to highly selective admissions with a commitment to recruiting a diverse, well-qualified undergraduate and graduate student body. It serves the needs of traditional, nontraditional, and transfer students seeking baccalaureate and advanced degrees, and recruits students nationally and internationally to increase intellectual capital and diversity.

The University of Kentucky's priorities for action include basic, applied, and translational research as one of only seven universities in the United States with schools of agriculture, engineering, law, medicine, and pharmacy on a single campus. The University of Kentucky emphasizes research and creativity in areas of identified strength and opportunity, as well as in emerging fields essential to the development of a knowledge-based economy in Kentucky and beyond. This requires significant extramural support and a broad array of doctoral programs, consistent with the nation's top-20 research universities. The University of Kentucky focuses on programs in health and life sciences, computer science and engineering, cultural and international studies, public policy and human services, business and economics, energy and the environment, and the arts. It also conducts research and outreach supporting the improvement of P-20 and adult education systems with a special emphasis on literacy.

The University of Kentucky drives statewide economic development by preparing a highly educated workforce, conducting grant and contract-funded research, and transferring research and technological innovations to the marketplace. It assures Kentuckians high-quality health care by promoting access to the highest level of appropriate care possible within the facilities of local communities and developing advanced subspecialty programs of national stature at the academic medical center. The University of Kentucky engages the university community and its partners in fostering economic well being and quality of life for Kentuckians in regions facing significant economic and health-related challenges, throughout the Commonwealth, and, as the state's flagship institution, beyond its borders to the nation and world.

Policy

The Executive Budget includes \$597,000 in fiscal year 2010 from the General Fund in the Council on Postsecondary Education's budget for one-half year's debt service for capital projects in Part II of the Executive Appropriations Act.

**Postsecondary Education
Postsecondary Education Institutions
University of Louisville**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	191,346,100	207,528,100	220,332,400	172,600,700	172,406,400
Budget Reduction	-5,057,200				
Total General Fund	186,288,900	207,528,100	220,332,400	172,600,700	172,406,400
Restricted Funds					
Current Receipts	560,263,400	581,119,400	602,808,300	560,263,400	560,263,400
Total Restricted Funds	560,263,400	581,119,400	602,808,300	560,263,400	560,263,400
Federal Funds					
Current Receipts	115,855,900	119,679,000	123,628,500	115,855,900	115,855,900
Total Federal Funds	115,855,900	119,679,000	123,628,500	115,855,900	115,855,900
TOTAL SOURCE OF FUNDS	862,408,200	908,326,500	946,769,200	848,720,000	848,525,700
EXPENDITURES BY CLASS					
Personnel Cost	515,722,400	538,995,600	559,197,200	503,782,500	503,533,900
Operating Expenses	234,562,300	255,200,100	273,574,500	233,554,200	233,787,000
Grants, Loans or Benefits	74,175,200	74,615,200	74,615,200	72,508,300	72,473,600
Debt Service	15,222,000	16,652,700	16,519,400	16,652,700	16,519,400
Capital Outlay	22,726,300	22,862,900	22,862,900	22,222,300	22,211,800
TOTAL EXPENDITURES	862,408,200	908,326,500	946,769,200	848,720,000	848,525,700
EXPENDITURES BY FUND SOURCE					
General Fund	186,288,900	207,528,100	220,332,400	172,600,700	172,406,400
Restricted Funds	560,263,400	581,119,400	602,808,300	560,263,400	560,263,400
Federal Funds	115,855,900	119,679,000	123,628,500	115,855,900	115,855,900
TOTAL EXPENDITURES	862,408,200	908,326,500	946,769,200	848,720,000	848,525,700

The University of Louisville (UofL) is an urban university with close historical and legal ties with Louisville-Jefferson County. The University was founded in 1798 as the Jefferson Seminary, later known as Louisville College, and in 1846 became the University of Louisville by legislative charter. The University became a member of Kentucky's public higher education system on July 1, 1970, and amended its charter to reflect its status as a state institution, subject to the administration and control of the Board of Trustees, which was constituted a public body corporate, with the usual corporate powers, and possessing all the authorities, immunities, rights, privileges, and franchises normally attached to the governing bodies of Kentucky public higher education institutions.

The University of Louisville's goal, mandated by House Bill 1, is to be a premier, nationally recognized metropolitan research university.

To advance this agenda, UofL's programs have a strong liberal arts and sciences undergraduate core preparing students to live and work in a world that is increasingly intercultural, interdisciplinary, and diverse. It offers a comprehensive array of baccalaureate, master's, and specialist programs, along with professional programs in dentistry, law, medicine, engineering, education, and social professions. Selected doctoral programs support the goals of national recognition as a metropolitan research university and meet the economic and community development needs of the region and state. The University of Louisville offers collaborative and joint doctoral programs with other Kentucky postsecondary institutions to address state needs.

The University of Louisville places special emphasis on its Research Challenge Trust Fund programs in business (entrepreneurship), health and life sciences, engineering, education, humanities, and the arts. It strives to increase the quality of undergraduate programs while increasing the size and national recognition of graduate programs. Distinctive

educational experiences include service learning, international education, opportunities for discovery-based learning, and undergraduate research.

The University of Louisville maintains selective to highly selective admissions with a commitment to recruiting a diverse undergraduate and graduate student body, especially students from its metropolitan area and those who do not enter or move through the university in traditional ways. It serves the needs of traditional, nontraditional, and transfer students seeking baccalaureate and advanced degrees. It also recruits students nationally and internationally to increase intellectual capital and diversity.

The University of Louisville serves as the metropolitan area's intellectual center and economic engine. It drives economic development by educating a workforce ready to take on the challenges of a new century. The University supports existing businesses, promotes business startups based on university inventions, and coordinates other community economic development efforts. UofL is building a national reputation as a leader in issues affecting metropolitan regions and provides this expertise to other areas in the state, nation, and beyond through basic, applied, and translational research. The University of Louisville's research mission prioritizes programs in human health and development, life sciences, information technology and communications, environmental and energy technologies, logistics and distribution, early childhood education, entrepreneurship, materials science, and advanced manufacturing. The University of Louisville works with P-12 schools and adult learning centers to improve student achievement and postsecondary preparation. Additionally, research and creative activities in the humanities and the arts foster and support the rich cultural life of the Greater Louisville area.

Policy

The Executive Budget includes \$20,246,500 in fiscal year 2008-09 and \$20,204,000 in fiscal year 2009 -10 from the General Fund for the Quality and Charity Care Trust Fund agreement. The fiscal year 2008-09 amount includes \$403,600 to accommodate the underfunding of the amount needed in fiscal year 2007-08.

The Executive Budget includes \$3,245,000 in fiscal year 2008 from the General Fund in the Council on Postsecondary Education's budget for one half-year's debt service for a capital project in Part II of the Executive Appropriations Bill.

**Postsecondary Education
Postsecondary Education Institutions
Western Kentucky University**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	86,396,200	93,360,100	98,372,900	74,815,500	75,103,600
Budget Reduction	-2,553,500				
Total General Fund	83,842,700	93,360,100	98,372,900	74,815,500	75,103,600
Restricted Funds					
Current Receipts	194,521,800	206,289,900	217,857,100	194,521,800	194,521,800
Total Restricted Funds	194,521,800	206,289,900	217,857,100	194,521,800	194,521,800
Federal Funds					
Current Receipts	33,724,000	38,898,000	41,424,000	33,724,000	33,724,000
Total Federal Funds	33,724,000	38,898,000	41,424,000	33,724,000	33,724,000
TOTAL SOURCE OF FUNDS	312,088,500	338,548,000	357,654,000	303,061,300	303,349,400
EXPENDITURES BY CLASS					
Personnel Cost	161,099,300	173,422,100	181,727,700	155,817,900	155,817,900
Operating Expenses	82,992,900	87,601,300	93,323,300	80,565,800	80,565,800
Grants, Loans or Benefits	47,132,300	54,734,800	58,851,800	45,641,500	45,641,500
Debt Service	14,081,600	14,471,000	14,759,100	14,471,000	14,759,100
Capital Outlay	6,782,400	8,318,800	8,992,100	6,565,100	6,565,100
TOTAL EXPENDITURES	312,088,500	338,548,000	357,654,000	303,061,300	303,349,400
EXPENDITURES BY FUND SOURCE					
General Fund	83,842,700	93,360,100	98,372,900	74,815,500	75,103,600
Restricted Funds	194,521,800	206,289,900	217,857,100	194,521,800	194,521,800
Federal Funds	33,724,000	38,898,000	41,424,000	33,724,000	33,724,000
TOTAL EXPENDITURES	312,088,500	338,548,000	357,654,000	303,061,300	303,349,400

Western Kentucky University (WKU), located in Bowling Green, Kentucky, was established by the General Assembly in 1906 when it created two schools for the training of teachers. On January 1, 1907, the Southern Kentucky Normal School was transferred to the state of Kentucky, and the president of that institution became president of the Western Kentucky State Normal School. The 1922 General Assembly changed the name of the institution to the Western Kentucky State Normal School and Teachers College and passed an enabling act permitting the institution to confer degrees. In 1930 the name was changed to the Western Kentucky State Teachers College, then to the Western Kentucky State College in 1948, and finally to Western Kentucky University in 1966.

As noted in its Campus Action Plan for 2005-2010, Western Kentucky University's goal, mandated by House Bill 1, is to have at least one nationally recognized program of distinction or one nationally recognized applied research program, as well as to work cooperatively with other postsecondary institutions to assure statewide access to baccalaureate and master's degrees of a quality at or above the national average.

To advance this agenda, WKU's programs have a strong liberal arts and sciences undergraduate core preparing students to live and work in a global society. It offers a comprehensive array of baccalaureate, master's, and specialist programs and may offer programs beyond the master's degree to meet the needs of teachers, educational leaders, and other certified personnel. Collaborative doctoral programs also may be offered through the University of Kentucky and the University of Louisville to meet state needs, along with sub-associate or associate degree programs that meet local needs in consultation with KCTCS.

Western Kentucky University boasts a number of nationally recognized graduate programs in targeted areas of opportunity, including its Programs of Distinction in journalism and forensics and applied research and technology. Distinctive educational experiences geared to the specific needs and interests of students include service learning, international education, and opportunities for discovery-based learning.

Western Kentucky University maintains moderately selective to selective admissions with a commitment to recruiting a diverse student body. It serves the needs of traditional, nontraditional, and transfer students seeking baccalaureate and advanced degrees and recruits students nationally and internationally to increase intellectual capital and diversity.

Western Kentucky University's priorities for action are applied research and scholarly activities that support the primary function of instruction and supplement efforts to improve economic and community development, with an emphasis on cave and karst studies, applied physics, folk studies, Kentucky life, literature, and history, the Civil War in the west, materials characterization and combustion, teacher effectiveness, entrepreneurship, rural health development, lifespan development, water quality, and applied engineering. As such, Western Kentucky University collaborates with entrepreneurs, business leaders, local and state officials, and citizens to identify and respond to regional needs for research, commercialization, and the workforce. It also provides or coordinates education services improve teacher quality and student performance in the region.

Policy

The Executive Budget includes \$857,000 in fiscal year 2010 from the General Fund in the Council on Postsecondary Education's budget for one half-year's debt service for a capital project in Part II of the Executive Appropriations Act.

Postsecondary Education
Postsecondary Education Institutions
Kentucky Community and Technical College System

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	228,704,900	253,170,000	279,222,200	196,246,900	196,246,900
Budget Reduction	-6,861,100				
Total General Fund	221,843,800	253,170,000	279,222,200	196,246,900	196,246,900
Restricted Funds					
Current Receipts	289,507,700	306,312,100	319,979,700	288,307,700	288,307,700
Total Restricted Funds	289,507,700	306,312,100	319,979,700	288,307,700	288,307,700
Federal Funds					
Current Receipts	147,453,600	153,788,100	165,492,200	147,453,600	147,453,600
Total Federal Funds	147,453,600	153,788,100	165,492,200	147,453,600	147,453,600
TOTAL SOURCE OF FUNDS	658,805,100	713,270,200	764,694,100	632,008,200	632,008,200
EXPENDITURES BY CLASS					
Personnel Cost	338,580,200	365,717,000	391,202,700	325,276,300	325,276,300
Operating Expenses	127,073,400	138,687,800	149,604,500	121,999,600	121,999,600
Grants, Loans or Benefits	151,009,000	162,883,700	176,600,200	144,262,000	144,262,000
Capital Outlay	42,142,500	45,981,700	47,286,700	40,470,300	40,470,300
TOTAL EXPENDITURES	658,805,100	713,270,200	764,694,100	632,008,200	632,008,200
EXPENDITURES BY FUND SOURCE					
General Fund	221,843,800	253,170,000	279,222,200	196,246,900	196,246,900
Restricted Funds	289,507,700	306,312,100	319,979,700	288,307,700	288,307,700
Federal Funds	147,453,600	153,788,100	165,492,200	147,453,600	147,453,600
TOTAL EXPENDITURES	658,805,100	713,270,200	764,694,100	632,008,200	632,008,200

The Kentucky Community and Technical College System (KCTCS), created by The Postsecondary Education Improvement Act of 1997, is composed of community and technical college districts plus several branch campuses and distance learning centers strategically located across the Commonwealth. As noted in its Campus Action Plan for 2005-2010, KCTCS's goal, mandated by House Bill 1, is to assure, in conjunction with other postsecondary institutions, access throughout the Commonwealth to a two-year course of general studies designed for transfer to a baccalaureate program, the training necessary to develop a workforce with the skills to meet the needs of new and existing industries, and remedial and continuing education to improve the employability of citizens.

To advance this agenda, KCTCS has a general two-year academic curriculum with transferable credits. It maintains associate, technical, and semi-professional programs leading to degrees, diplomas, and certificates. It enhances basic academic and literacy skills through adult and developmental education. KCTCS focuses on continuing education and workforce development customized for business and industry, as well as dual enrollment and credit for secondary students.

The Kentucky Community and Technical College System maintains open admissions with a commitment to recruiting a diverse student body. Its students are pursuing associate degrees, diplomas, and certificates and are seeking transfer credit toward baccalaureate degrees. Its students also include workers seeking technical training, students needing remedial coursework, adults gaining personal development through continuing education, and high school students earning dual credit and preparation for college.

Kentucky Community and Technical College System's priorities for action are applied research in workforce development, classroom instruction, and technology deployment.

The Kentucky Community and Technical College System serves the needs of students in 120 counties through its statewide physical presence and distance learning programs. It provides customized workforce training for employers to promote economic well being and quality of life for communities throughout Kentucky. The Kentucky Community and Technical College System serves as the primary point of access for many Kentuckians seeking postsecondary education to improve their education level and quality of life.

Policy

The Executive Budget includes \$1,516,000 in fiscal year 2010 from the General Fund in the Council on Postsecondary Education's budget for one half-year's debt service for capital projects in Part II of the Executive Appropriations Act.

Transportation

Transportation

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	6,069,100	9,837,900	9,976,000	5,178,200	8,535,200
Continuing Appropriation	3,356,200				
Budget Reduction	-25,600				
Base Deduction	-2,950,000				
Total General Fund	6,449,700	9,837,900	9,976,000	5,178,200	8,535,200
Restricted Funds					
Balance Forward	107,235,200	15,630,900	4,720,200	11,719,800	6,136,900
Current Receipts	112,478,300	100,917,000	102,195,800	104,753,500	106,011,000
Non-Revenue Receipts	291,953,000	-543,000	-543,000	-75,000	-75,000
Fund Transfers	-13,318,000			-5,968,000	-6,825,000
Total Restricted Funds	498,348,500	116,004,900	106,373,000	110,430,300	105,247,900
Federal Funds					
Balance Forward	33,600				
Current Receipts	734,378,100	725,400,800	757,575,700	725,400,800	757,575,700
Total Federal Funds	734,411,700	725,400,800	757,575,700	725,400,800	757,575,700
Road Fund					
Regular Appropriation	1,187,955,400	1,266,372,900	1,348,060,900	1,229,717,900	1,329,921,900
Surplus Expenditure Plan	21,163,300				
Current Year Appropriation	98,100				
Other-Road	20,771,400				
Total Road Fund	1,229,988,200	1,266,372,900	1,348,060,900	1,229,717,900	1,329,921,900
Highway Bonds					
Balance Forward	45,755,300				
Non-Revenue Receipts	350,000,000			50,000,000	
Total Highway Bonds	395,755,300			50,000,000	
TOTAL SOURCE OF FUNDS	2,864,953,400	2,117,616,500	2,221,985,600	2,120,727,200	2,201,280,700
EXPENDITURES BY CLASS					
Personnel Cost	418,049,700	495,021,800	522,992,200	437,612,000	448,052,900
Operating Expenses	226,824,900	232,511,638	227,143,838	242,155,700	257,121,200
Grants, Loans or Benefits	252,142,700	205,130,500	218,919,800	207,489,300	221,799,200
Debt Service	238,525,400	205,565,900	191,003,300	200,140,200	191,145,400
Capital Outlay	12,955,300	3,843,500	3,843,500	4,315,000	4,315,000
Construction	1,704,735,600	970,822,962	1,052,464,262	1,022,878,100	1,071,865,700
TOTAL EXPENDITURES	2,853,233,600	2,112,896,300	2,216,366,900	2,114,590,300	2,194,299,400
EXPENDITURES BY FUND SOURCE					
General Fund	6,449,700	9,837,900	9,976,000	5,178,200	8,535,200
Restricted Funds	486,628,700	111,284,700	100,754,300	104,293,400	98,266,600
Federal Funds	734,411,700	725,400,800	757,575,700	725,400,800	757,575,700
Road Fund	1,229,988,200	1,266,372,900	1,348,060,900	1,229,717,900	1,329,921,900
Highway Bonds	395,755,300			50,000,000	
TOTAL EXPENDITURES	2,853,233,600	2,112,896,300	2,216,366,900	2,114,590,300	2,194,299,400
EXPENDITURES BY UNIT					
General Administration and Support	88,215,600	91,339,900	92,079,200	80,447,300	80,358,400
Aviation	10,842,800	10,723,200	10,836,400	8,770,900	8,701,800
Debt Service	181,143,200	148,512,900	134,388,000	148,513,000	136,599,000
Highways	2,183,780,300	1,486,470,700	1,583,956,100	1,513,657,200	1,577,341,000
Public Transportation	46,432,500	38,370,500	38,458,900	35,941,600	35,994,800
Revenue Sharing	308,567,200	287,956,500	317,240,700	287,800,600	318,180,600
Vehicle Regulation	34,252,000	49,522,600	39,407,600	39,459,700	37,123,800

TOTAL EXPENDITURES	2,853,233,600	2,112,896,300	2,216,366,900	2,114,590,300	2,194,299,400
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The Transportation Cabinet, under KRS 12.250, is responsible for maintaining and improving transportation services in the Commonwealth. All modes of transportation are addressed by the Cabinet, including air transportation, railroads, waterways, public transit, and highways. The Secretary of Transportation, who is appointed by the Governor, heads the organization. The duties and responsibilities of the Cabinet are found in Titles XV and XVI of the Kentucky Revised Statutes.

The Cabinet receives funding from the state Road Fund, proceeds from bonds issued by the Kentucky Turnpike Authority, and federal aid apportionments for highways. Other revenue sources are agency receipts, non-highway federal aid, the state General Fund, and most recently a federal fund leveraging mechanism titled Grant Anticipation Revenue Vehicle (GARVEE) bonds. The revenue components of the Road Fund are the motor fuels tax, motor vehicle usage taxes, license and privilege taxes, interest income, and miscellaneous departmental fees, permits, and sales.

Seven major budget units comprise the Transportation Cabinet: General Administration and Support, Air Transportation, Public Transportation, Revenue Sharing, Highways, Vehicle Regulation, and Debt Service. Organizationally, the agency is divided into five departments and fifteen offices. The departments, each headed by a commissioner directly responsible to the Secretary, are Transportation Safety, Aviation, Vehicle Regulation, Intergovernmental Programs, and Highways. The remaining units are the Office of Public Affairs, the Office of Budget and Fiscal Management, the Office of Legal Services, the Office for Civil Rights and Small Business Development, the Office of Inspector General, the Office of Personnel Management, the Office of Support Services, and the Office of Information Technology. These units are responsible to the Office of the Secretary. The following offices report to the State Highway Engineer in the Department of Highways: the Office of Project Development, the Office of Project Delivery, and the Office of System Preservation and Operations. The Office of Special Programs, the Office of Rural and Secondary Roads, and the Office of Transportation Delivery are responsible to the Commissioner of the Department of Governmental Relations.

The Transportation Cabinet has its origin as an agency of the Commonwealth of Kentucky in 1912 when the General Assembly established the Department of Highways. Legislation in 1974 created the Department of Transportation by consolidating the Departments of Highways, Motor Transportation, and Aeronautics, plus certain transportation-related functions of the Department of Public Safety and the Department of Revenue. Subsequently, the 1982 General Assembly established the Transportation Cabinet as the successor to the Department of Transportation, and it assumed all of the duties formerly associated with the Department.

Executive Order 2007-504, dated June 21, 2007 reorganized the Transportation Cabinet to its current organizational structure.

Policy

On January 16, 2008, the Consensus Forecasting Group established the Road Fund revenue estimate for the fiscal biennium 2008-2010. For fiscal year 2009, the estimate is \$1,324,806,400 and \$1,405,103,400 for fiscal year 2010.

**Transportation
General Administration and Support**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	34,500	34,500	33,000	34,500	6,100
Current Receipts	28,000	20,500	20,500	20,500	20,500
Total Restricted Funds	62,500	55,000	53,500	55,000	26,600
Federal Funds					
Current Receipts	9,300,000	7,808,300	5,966,500	7,808,300	5,966,500
Total Federal Funds	9,300,000	7,808,300	5,966,500	7,808,300	5,966,500
Road Fund					
Regular Appropriation	78,887,600	83,509,600	86,090,700	72,590,100	74,369,900
Total Road Fund	78,887,600	83,509,600	86,090,700	72,590,100	74,369,900
TOTAL SOURCE OF FUNDS	88,250,100	91,372,900	92,110,700	80,453,400	80,363,000
EXPENDITURES BY CLASS					
Personnel Cost	37,043,200	43,418,300	45,704,000	33,514,900	35,007,300
Operating Expenses	35,708,700	33,934,100	34,268,900	33,577,600	33,877,600
Grants, Loans or Benefits	7,650,600	6,161,500	4,295,600	6,006,500	4,140,600
Debt Service	7,292,500	7,303,200	7,287,900	7,303,300	7,287,900
Capital Outlay	347,800	350,000	350,000	15,000	15,000
Construction	172,800	172,800	172,800	30,000	30,000
TOTAL EXPENDITURES	88,215,600	91,339,900	92,079,200	80,447,300	80,358,400
EXPENDITURES BY FUND SOURCE					
Restricted Funds	28,000	22,000	22,000	48,900	22,000
Federal Funds	9,300,000	7,808,300	5,966,500	7,808,300	5,966,500
Road Fund	78,887,600	83,509,600	86,090,700	72,590,100	74,369,900
TOTAL EXPENDITURES	88,215,600	91,339,900	92,079,200	80,447,300	80,358,400
EXPENDITURES BY UNIT					
General Administration	72,632,200	76,369,900	78,638,900	68,578,300	69,911,500
Transportation Safety	15,583,400	14,970,000	13,440,300	11,869,000	10,446,900
TOTAL EXPENDITURES	88,215,600	91,339,900	92,079,200	80,447,300	80,358,400

The General Administration and Support appropriation unit provides management and administrative capabilities, policymaking, and efficient day-to-day operations. This unit includes the Office of Secretary, the Department of Transportation Safety, and nine offices.

The Office of Secretary encompasses the Office of the Secretary of Transportation, the Office of Budget and Fiscal Management, the Office for Civil Rights and Small Business Development, the Office of Legal Services, the Office of Public Affairs, the Office of Inspector General, the Office of Personnel Management, the Office of Support Services, and the Office of Information Technology. These units provide leadership, management, and staff support to the Transportation Cabinet and provide the Secretary the managerial tools necessary to operate the Cabinet. The Office of the Secretary is the central point of contact with the general public and external organizations. The Office of Budget and Fiscal Management manages the planning and use of the Cabinet's financial resources. The Office of Civil Rights and Small Business Development conducts programs to provide women and minorities an equal opportunity for employment and to compete for highway construction contracts. The Office of Legal Services provides the agency with the required legal representation before administrative boards and all levels of the court system. The Office of Public Affairs is responsible for the Cabinet's communications with employees, the news media, and the general public. The Office of Inspector General exists to provide the Cabinet a mechanism for both employees and Kentuckians to report incidences of wrongdoing regarding the Cabinet's service.

The Office of Personnel Management is responsible for the Cabinet's human resources policies and personnel utilization and development programs. The Office of Support Services provides oversight and management of the Cabinet's statewide facilities, including all ongoing capital projects not associated with highway construction. The Office of Technology is responsible for the technological application development and system support function for the Cabinet.

The Department of Transportation Safety includes Administration, Highway Safety programs, Transportation Security, and Highway Safety Administration. The Motorcycle Advisory Commission for Highway Safety is attached for administrative purposes. The Administration program is directed by the Commissioner of Transportation Safety to perform the administrative functions of the department and implement policies and programs as set forth by the Secretary. The Highway Safety programs within the Department are charged with coordinating efforts to reduce fatalities, injuries, and crashes on Kentucky's highway systems. The Highway Security program coordinates highway incident management including providing information to travelers and providing assistance to stranded motorists and law enforcement agencies at the scene of highway incidents. The Highway Safety Administration program coordinates the strategic planning of the Cabinet's highway safety efforts.

Executive Order 2007-504, dated June 21, 2007 reorganized the Transportation Cabinet and created the Department of Transportation Safety, the Office Civil Rights and Small Business Development, the Office of Support Services, and the Office of Technology.

**Transportation
Aviation**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	865,700	2,862,200	2,944,400	650,000	650,000
Budget Reduction	-25,600				
Total General Fund	840,100	2,862,200	2,944,400	650,000	650,000
Restricted Funds					
Balance Forward	4,638,800			405,800	145,900
Current Receipts	8,288,300	8,314,000	8,345,000	8,314,000	8,358,900
Non-Revenue Receipts		-468,000	-468,000		
Fund Transfers	-6,918,000			-3,468,000	-3,468,000
Total Restricted Funds	6,009,100	7,846,000	7,877,000	5,251,800	5,036,800
Federal Funds					
Current Receipts	399,400	15,000	15,000	15,000	15,000
Total Federal Funds	399,400	15,000	15,000	15,000	15,000
Road Fund					
Regular Appropriation	4,000,000			3,000,000	3,000,000
Total Road Fund	4,000,000			3,000,000	3,000,000
TOTAL SOURCE OF FUNDS	11,248,600	10,723,200	10,836,400	8,916,800	8,701,800
EXPENDITURES BY CLASS					
Personnel Cost	2,399,200	3,013,300	3,227,300	2,233,500	2,310,200
Operating Expenses	1,784,200	1,809,800	1,809,800	1,769,800	1,784,800
Grants, Loans or Benefits	6,275,000	4,221,100	4,120,300	4,767,600	4,606,800
Debt Service		1,679,000	1,679,000		
Construction	384,400				
TOTAL EXPENDITURES	10,842,800	10,723,200	10,836,400	8,770,900	8,701,800
EXPENDITURES BY FUND SOURCE					
General Fund	840,100	2,862,200	2,944,400	650,000	650,000
Restricted Funds	5,603,300	7,846,000	7,877,000	5,105,900	5,036,800
Federal Funds	399,400	15,000	15,000	15,000	15,000
Road Fund	4,000,000			3,000,000	3,000,000
TOTAL EXPENDITURES	10,842,800	10,723,200	10,836,400	8,770,900	8,701,800
EXPENDITURES BY UNIT					
Commonwealth Aviation	8,039,400	7,551,000	7,551,000	6,004,600	5,872,000
Capital City Airport	2,803,400	3,172,200	3,285,400	2,766,300	2,829,800
TOTAL EXPENDITURES	10,842,800	10,723,200	10,836,400	8,770,900	8,701,800

In accordance with KRS Chapter 183, the Transportation Cabinet supports the Commonwealth's Aviation program. Executive Order 2006-682 reorganized the Cabinet's Aviation unit and created the Department of Aviation. Under the reorganization there are two divisions within the Department of Aviation: Commonwealth Aviation and Capital City Airport. The Commonwealth Aviation division is charged with the Air Regulatory program and the Airport Development program. The Air Regulatory program is responsible for inspecting and determining the safety and efficiency of all of the Commonwealth's public use airport and heliport facilities. Pursuant to KRS 183.861, the Kentucky Airport Zoning Commission protects the navigable airspace within the state by evaluating applications for construction, issuing permits, and maintaining updated airport zoning maps. The Commission is attached to the Air Regulatory Program for administrative purposes. The Airport

Development program provides for administration, planning and management of airport construction, and maintenance of local airports. Airport Development also provides technical and financial assistance to the state's 60 public use airports, including updating and distributing the state aeronautical charts and airport directories. KRS 183.525 provides the funding authority to operate the Commonwealth Aviation division. Since July 2000, the sales and use tax collected from the sale of aviation jet fuel funds the operations of the Commonwealth Aviation division.

The Capital City Airport was reorganized under Executive Order 2007-504 and brought into the Aviation budget unit. Formerly attached to the Department of Military Affairs, the Capital City Airport is a public use airport located in Frankfort, Kentucky. Capital City Airport is home to approximately 80 aircraft, including the fleet owned and operated by state government and the Army National Guard located in Frankfort.

Policy

The Executive Budget suspends the provisions of KRS 183.525(5) during the 2008-2010 biennium so that funds accruing to the Kentucky Aviation Economic Development Fund may support the administrative and operating costs of the Commonwealth Aviation division.

**Transportation
Debt Service**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
Road Fund					
Regular Appropriation	181,143,200	148,512,900	134,388,000	148,513,000	136,599,000
Total Road Fund	181,143,200	148,512,900	134,388,000	148,513,000	136,599,000
TOTAL SOURCE OF FUNDS	181,143,200	148,512,900	134,388,000	148,513,000	136,599,000
EXPENDITURES BY CLASS					
Debt Service	181,143,200	148,512,900	134,388,000	148,513,000	136,599,000
TOTAL EXPENDITURES	181,143,200	148,512,900	134,388,000	148,513,000	136,599,000
EXPENDITURES BY FUND SOURCE					
Road Fund	181,143,200	148,512,900	134,388,000	148,513,000	136,599,000
TOTAL EXPENDITURES	181,143,200	148,512,900	134,388,000	148,513,000	136,599,000
EXPENDITURES BY UNIT					
Toll Road Lease Rental	80,000				
Resource Recovery Lease Rental	90,000	9,086,300		9,086,400	
Economic Development Lease Rental	180,973,200	139,426,600	134,388,000	139,426,600	136,599,000
TOTAL EXPENDITURES	181,143,200	148,512,900	134,388,000	148,513,000	136,599,000

The Debt Service program is the budget entity through which lease rental payments are made on the revenue bonds the Commonwealth has issued to finance major highway construction projects.

KRS Chapter 175 authorizes the Turnpike Authority of Kentucky to issue revenue bonds to construct, maintain, repair, and operate designated roads of the Toll Road System, the Resource Recovery Road System, and the Economic Development Road System. The first of these systems, the Toll Road System, was constructed during the mid-1960s and early 1970s. All of the Toll Road bonds are now retired. The Resource Recovery Road System began in the late 1970s, and most of the system's roads were built during the 1980s. The most significant project was KY 80. The Economic Development Road System was established and funded through three series of bond issues: a \$300 million issue sold in 1984; a relatively small sale of \$36.6 million in 1987; and a \$600 million program which was implemented in bond sales during 1990, 1993, and 1995. The projects constructed with the \$600 million series were designated as "Revitalization Projects" and are nearly complete. The 1998 General Assembly authorized \$200 million of Economic Development Road Revenue Bonds and the bonds were sold in 1999. The most recent issue was Economic Development Road Bonds authorized by the 2005 Regular Session of the General Assembly and totaled \$450 million. The bond projects associated with the 2005 series were split among two budget units: Highways and Revenue Sharing. Bond funds totaling \$300 million were authorized to support projects in the adopted Six Year Highway Plan, and the remaining \$150 million issue was authorized to support the County Road Aid and Municipal Aid programs. The 2006 Regular Session of the General Assembly authorized an Additional \$350 million in Economic Development Road Bonds. The entire 2006 series were authorized to support projects in the adopted Six Year Highway Plan.

Through lease agreements with the Turnpike Authority of Kentucky, the Transportation Cabinet provides funds to pay the Toll Road, Resource Recovery Road, and most of the Economic Development Road revenue bonds. In the Debt Service program, funds are reserved exclusively for semiannual lease rental payments to meet the principal and interest requirements of these outstanding bonds, along with any administrative costs of the Turnpike Authority.

Policy

The Debt Service Acceleration Fund account, pursuant to KRS 175.505, is suspended in the Executive Budget during the 2008-2010 biennium. The funding made available by this suspension is directed to be used in the State Funded Construction program.

The Executive Budget provides \$2,210,000 in fiscal year 2010 to pay debt service on \$50 million in Economic Development Highway Bonds supporting the anticipated significant increase in population and corresponding increase in traffic congestion affecting the roads in close proximity to the army base at Fort Knox. A report issued by a Governor's Task Force recommended approximately \$187.5 million for nine different transportation projects in the area. The Governor's recommended budget includes funding to proceed with all preconstruction activities for all nine projects should that be deemed necessary by the Secretary of the Transportation Cabinet. All nine projects are currently included in the Six-Year Highway Plan.

**Transportation
Highways**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	53,386,100	2,864,200	2,864,200	2,864,200	2,864,200
Current Receipts	86,397,900	79,076,700	80,181,800	79,076,700	80,181,800
Non-Revenue Receipts	290,000,000				
Total Restricted Funds	429,784,000	81,940,900	83,046,000	81,940,900	83,046,000
Federal Funds					
Current Receipts	679,230,600	686,029,100	720,009,500	686,029,100	720,009,500
Total Federal Funds	679,230,600	686,029,100	720,009,500	686,029,100	720,009,500
Road Fund					
Regular Appropriation	660,613,200	721,364,900	783,764,800	698,551,400	777,149,700
Surplus Expenditure Plan	21,163,300				
Current Year Appropriation	98,100				
Total Road Fund	681,874,600	721,364,900	783,764,800	698,551,400	777,149,700
Highway Bonds					
Balance Forward	45,755,300				
Non-Revenue Receipts	350,000,000			50,000,000	
Total Highway Bonds	395,755,300			50,000,000	
TOTAL SOURCE OF FUNDS	2,186,644,500	1,489,334,900	1,586,820,300	1,516,521,400	1,580,205,200
EXPENDITURES BY CLASS					
Personnel Cost	354,382,300	424,287,500	447,993,400	382,634,300	391,035,400
Operating Expenses	173,576,400	171,403,000	171,503,000	181,987,800	202,671,600
Grants, Loans or Benefits	3,879,000	3,547,100	3,547,100	3,389,000	3,389,000
Debt Service	50,089,700	44,323,800	43,901,400	44,323,900	43,901,500
Capital Outlay	12,579,500	3,493,500	3,493,500	4,300,000	4,300,000
Construction	1,589,273,400	839,415,800	913,517,700	897,022,200	932,043,500
TOTAL EXPENDITURES	2,183,780,300	1,486,470,700	1,583,956,100	1,513,657,200	1,577,341,000
EXPENDITURES BY FUND SOURCE					
Restricted Funds	426,919,800	79,076,700	80,181,800	79,076,700	80,181,800
Federal Funds	679,230,600	686,029,100	720,009,500	686,029,100	720,009,500
Road Fund	681,874,600	721,364,900	783,764,800	698,551,400	777,149,700
Highway Bonds	395,755,300			50,000,000	
TOTAL EXPENDITURES	2,183,780,300	1,486,470,700	1,583,956,100	1,513,657,200	1,577,341,000
EXPENDITURES BY UNIT					
Research	5,152,000	5,152,000	5,152,000	5,152,000	5,152,000
Construction	1,782,320,400	1,044,517,300	1,124,817,700	1,088,892,800	1,122,762,200
Maintenance	287,460,600	323,267,700	335,801,000	314,043,300	339,043,300
Engineering Administration	13,922,200	19,643,100	20,703,900	16,336,700	18,772,200
Planning	15,130,800	15,938,900	16,431,000	16,008,200	16,505,500
Highway Operations	21,464,900	26,918,300	28,912,000	22,190,800	22,967,300
Equipment Services	58,329,400	51,033,400	52,138,500	51,033,400	52,138,500
TOTAL EXPENDITURES	2,183,780,300	1,486,470,700	1,583,956,100	1,513,657,200	1,577,341,000

The Highways appropriation unit is the largest program in the Transportation Cabinet. There are seven programs in the

Department of Highways: Research, Construction, Maintenance, Engineering Administration, Highway Planning, Highway Operations, and Equipment Services. The Construction program is divided into three subprograms: Bond Funded Construction, State Funded Construction, and Federal Funded Construction.

The Department of Highways is responsible for the construction, reconstruction, and maintenance of the State Primary Road System through authority granted by KRS 177.020. The Department is headed by a commissioner who is appointed by the Governor on recommendation of the Secretary of Transportation. This agency administers all of the programs within the Highways appropriation unit.

Combined travel by all motor vehicles over Kentucky's 78,000 miles of roads and streets equals over 47.6 billion vehicle-miles. The State Primary Road System carries about 85 percent of all traffic. This network consists of approximately 27,500 miles of interstate highways, resource recovery roads, parkways, economic development roads, primary, secondary, rural, and unclassified roads, and approximately 9,000 state maintained bridges. Kentucky's interstate system, consisting of 762 miles, carries 27 percent of all travel.

**Transportation
Highways
Research**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
Federal Funds					
Current Receipts	3,718,000	3,718,000	3,718,000	3,718,000	3,718,000
Total Federal Funds	3,718,000	3,718,000	3,718,000	3,718,000	3,718,000
Road Fund					
Regular Appropriation	1,434,000	1,434,000	1,434,000	1,434,000	1,434,000
Total Road Fund	1,434,000	1,434,000	1,434,000	1,434,000	1,434,000
TOTAL SOURCE OF FUNDS	5,152,000	5,152,000	5,152,000	5,152,000	5,152,000
EXPENDITURES BY CLASS					
Personnel Cost	4,862,000	4,862,000	4,862,000	4,862,000	4,862,000
Operating Expenses	290,000	290,000	290,000	290,000	290,000
TOTAL EXPENDITURES	5,152,000	5,152,000	5,152,000	5,152,000	5,152,000
EXPENDITURES BY FUND SOURCE					
Federal Funds	3,718,000	3,718,000	3,718,000	3,718,000	3,718,000
Road Fund	1,434,000	1,434,000	1,434,000	1,434,000	1,434,000
TOTAL EXPENDITURES	5,152,000	5,152,000	5,152,000	5,152,000	5,152,000

The Research program is primarily a problem-solving service available to the Department of Highways. The program provides studies of traffic safety and operations, pavement mechanics and performance, materials characteristics and behavior, and transportation policies. The Research function is mandated by the Commonwealth's use of federal highway funds in accordance with Title 23 of the Federal Code which requires the use of 25 percent of funds for highway research and development. The Transportation Cabinet partners with the University of Kentucky Transportation Center to carry out research functions. The partnership conducts workshops on highway maintenance and management; traffic engineering, computerized signalization, signal technician certification, incident management/traffic mitigation, and provides on-demand technical assistance. The program maintains a lending library, including both written and audio-visual materials. The program also publishes a quarterly newsletter.

The Research program funds the Kentucky Transportation Center at one-tenth of one percent of the motor fuels tax collections, not to exceed \$190,000 per year from the State Road Fund. An additional \$100,000 per year from the Revenue Sharing appropriation unit is transferred to the Kentucky Transportation Center.

**Transportation
Highways
Construction**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	39,167,300				
Current Receipts	35,000,000	24,000,000	24,000,000	24,000,000	24,000,000
Non-Revenue Receipts	290,000,000				
Total Restricted Funds	364,167,300	24,000,000	24,000,000	24,000,000	24,000,000
Federal Funds					
Current Receipts	663,800,000	669,800,000	703,290,000	669,800,000	703,290,000
Total Federal Funds	663,800,000	669,800,000	703,290,000	669,800,000	703,290,000
Road Fund					
Regular Appropriation	337,336,400	350,717,300	397,527,700	345,092,800	395,472,200
Surplus Expenditure Plan	21,163,300				
Current Year Appropriation	98,100				
Total Road Fund	358,597,800	350,717,300	397,527,700	345,092,800	395,472,200
Highway Bonds					
Balance Forward	45,755,300				
Non-Revenue Receipts	350,000,000			50,000,000	
Total Highway Bonds	395,755,300			50,000,000	
TOTAL SOURCE OF FUNDS	1,782,320,400	1,044,517,300	1,124,817,700	1,088,892,800	1,122,762,200
EXPENDITURES BY CLASS					
Personnel Cost	149,315,600	169,994,800	176,415,700	159,418,000	159,418,000
Operating Expenses	9,546,200	9,203,300	9,203,300	8,766,200	8,766,200
Grants, Loans or Benefits	3,539,100	3,539,100	3,539,100	3,389,000	3,389,000
Debt Service	50,089,700	44,323,800	43,901,400	44,323,900	43,901,500
Construction	1,569,829,800	817,456,300	891,758,200	872,995,700	907,287,500
TOTAL EXPENDITURES	1,782,320,400	1,044,517,300	1,124,817,700	1,088,892,800	1,122,762,200
EXPENDITURES BY FUND SOURCE					
Restricted Funds	364,167,300	24,000,000	24,000,000	24,000,000	24,000,000
Federal Funds	663,800,000	669,800,000	703,290,000	669,800,000	703,290,000
Road Fund	358,597,800	350,717,300	397,527,700	345,092,800	395,472,200
Highway Bonds	395,755,300			50,000,000	
TOTAL EXPENDITURES	1,782,320,400	1,044,517,300	1,124,817,700	1,088,892,800	1,122,762,200
EXPENDITURES BY UNIT					
Bond Funded Construction	735,922,600			50,000,000	
State Funded Construction	322,416,200	314,535,700	361,346,100	308,911,200	359,290,600
Federal Funded Construction	723,981,600	729,981,600	763,471,600	729,981,600	763,471,600
TOTAL EXPENDITURES	1,782,320,400	1,044,517,300	1,124,817,700	1,088,892,800	1,122,762,200

The Construction program is the largest single funding component within the Highways appropriation unit. It encompasses all construction and major reconstruction of roadways in the State Primary Road System. The Construction Program is divided into three sub-programs: Bond Funded Construction, State Funded Construction, and Federal Funded Construction.

Several different road systems constructed in the Commonwealth over the last 40 years have used Bond Funded

Construction. General obligation bonds were sold to finance the original construction of the Interstate System. The Turnpike Authority of Kentucky sold revenue bonds to fund construction of the toll road system that crisscrosses the state. Tolls on these parkways were removed once the bonds were paid. Currently no tolls exist on Kentucky parkways. Resource recovery bonds were sold in the late 1970s for construction of the Resource Recovery Road System, a network of highways over which coal resources could be efficiently hauled. The Turnpike Authority sold bonds in 1984, 1987, 1990, 1993, 1995, 1999, 2005 and most recently 2006 for projects identified as part of the Economic Development Road System. All of the roads constructed using proceeds from Turnpike Authority bonds are built by the Cabinet on behalf of the Authority, and then are leased to the Cabinet until the bonds are retired. At that time they are transferred to the Cabinet and become a part of the state highway system.

The State-Funded Construction program provides for many highway improvement needs, emergency needs, industrial access roads, parkway and primary road pavement rehabilitation, and other projects for which federal funding is not available. The state resurfacing program is a part of this sub-program area and provides for resurfacing of roads in the state maintained highway system.

The Federal Construction program addresses the major construction, reconstruction, and rehabilitation needs for nearly 12,000 miles of interstate, primary, secondary, urban systems, and Appalachian routes across the state. This funding is provided under Titles 23 and 40 of the US Code. Over the last two biennia \$440 million in Grant Anticipation Revenue Vehicle (GARVEE) bonds have been appropriated to support interstate projects along I-64, I-75, and I-65. For display purposes, the GARVEE bonds are now located in the Bond Funded Construction program. However, the debt service to support the GARVEE bonds is located in the Federal Fund Construction program.

Policy

The Executive Budget authorizes the Secretary of Transportation to continue the Cash Management program, formerly known as the Pre-financing Road Projects program authorized by the 2000-2002, 2002-2004, 2004-2006, and most recently the 2006-2008 Appropriations Acts. Since its inception, the Cash Management program allows the Cabinet to expedite projects in the Biennial Highway Construction Plan by managing Road Fund cash, while ensuring that project and fund balances are sufficient to satisfy expenditures within the appropriations enacted.

The Executive Budget provides \$50 million in Economic Development Highway Bonds in fiscal year 2009 supporting the anticipated significant increase in population and corresponding increase in traffic congestion affecting the roads in close proximity to the army base at Fort Knox. A report issued by a Governor's Task Force recommended approximately \$187.5 million for nine different transportation projects in the area. The Governor's recommended budget includes funding to proceed with all preconstruction activities for all nine projects should that be deemed necessary by the Secretary of the Transportation Cabinet. All nine projects are currently included in the Six-Year Highway Plan. The debt service to support the bonds is appropriated in the Transportation Cabinet's Debt Service budget unit.

**Transportation
Highways
Maintenance**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	1,268,600				
Current Receipts	3,154,500	4,043,300	4,043,300	4,043,300	4,043,300
Total Restricted Funds	4,423,100	4,043,300	4,043,300	4,043,300	4,043,300
Road Fund					
Regular Appropriation	283,037,500	319,224,400	331,757,700	310,000,000	335,000,000
Total Road Fund	283,037,500	319,224,400	331,757,700	310,000,000	335,000,000
TOTAL SOURCE OF FUNDS	287,460,600	323,267,700	335,801,000	314,043,300	339,043,300
EXPENDITURES BY CLASS					
Personnel Cost	140,677,500	176,097,300	188,730,600	156,961,000	161,277,200
Operating Expenses	143,631,500	143,824,200	143,924,200	153,937,300	174,621,100
Grants, Loans or Benefits	7,500	1,000	1,000		
Construction	3,144,100	3,345,200	3,145,200	3,145,000	3,145,000
TOTAL EXPENDITURES	287,460,600	323,267,700	335,801,000	314,043,300	339,043,300
EXPENDITURES BY FUND SOURCE					
Restricted Funds	4,423,100	4,043,300	4,043,300	4,043,300	4,043,300
Road Fund	283,037,500	319,224,400	331,757,700	310,000,000	335,000,000
TOTAL EXPENDITURES	287,460,600	323,267,700	335,801,000	314,043,300	339,043,300

Kentucky has invested approximately \$18 billion in highway infrastructure that comprises right-of-way, roadways, and bridges. KRS 176.050 assigns the responsibility for operating and maintaining this highway infrastructure to the Department of Highways. The Maintenance program's role is to operate and maintain the roadways, bridges, rest areas, and traffic control devices on all state-maintained highways. Two organizational units under the Office of System Preservation and Operations administer the Maintenance program: the Division of Maintenance and the Division of Traffic Operations. The duties of this unit are set out in Kentucky Revised Statutes 175.580, 175.610, 176.050, 176.051, 177.020, 177.410, 177.530, 177.550, 177.830-890, 177.905-990, and 180.290.

The Division of Maintenance responsibilities are broken down into the following categories:

The Roadway Preservation program maintains 14,662 miles of state primary highways and 12,825 miles of rural secondary highways. The Pavement and Operations Management personnel inspect and evaluate pavement conditions on 27,487 miles of state-maintained roads, determine strategies for improvement, estimate funding needs, and recommend annual priorities.

The Bridge Preservation program is responsible for all state-maintained bridges, except those on the Rural Secondary system. Kentucky has 6,142 bridges of which 27 are Ohio River crossings and 74 are in-state bridges over major lakes and rivers.

Revolving Maintenance serves as a materials revolving mechanism for refurbishing damaged guardrail. Damaged guardrail is shipped to Frankfort, straightened and re-galvanized, and is placed back into service as needs arise.

Capital Improvements is a subset of the Division of Maintenance for coordinating with the Kentucky State Police vehicle accident data in order to establish priorities for installing new guardrail in locations it does not currently exist.

The Rest Area Operations/Maintenance program provides sanitary and accessible restroom facilities and other convenient services for motorists traveling through the state. There are 26 rest area and welcome center locations and two truck rest

haven locations.

The Division of Traffic Operations is responsible for the installation and maintenance of traffic control devices on over 27,000 miles of highways. This division uses a multitude of Intelligent Transportation Systems to communicate, control, detect and process data to effectively move traffic through the state in the safest manner possible.

Policy

The Executive Budget recognizes the importance of maintaining the Commonwealth's current roadway infrastructure and therefore continues the practice of providing Road Fund support for maintenance materials, roadway safety and maintenance, ditching, roadway striping, signs, bridge materials, contract bridge repairs, traffic signals, and signal system operations. These efforts illustrate the Cabinet's emphasis on keeping the motoring public moving safely and efficiently over the roads of Kentucky.

**Transportation
Highways
Engineering Administration**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
Road Fund					
Regular Appropriation	13,922,200	19,643,100	20,703,900	16,336,700	18,772,200
Total Road Fund	13,922,200	19,643,100	20,703,900	16,336,700	18,772,200
TOTAL SOURCE OF FUNDS	13,922,200	19,643,100	20,703,900	16,336,700	18,772,200
EXPENDITURES BY CLASS					
Personnel Cost	13,672,600	17,312,900	18,373,700	14,275,100	16,710,600
Operating Expenses	1,783,700	1,856,700	1,856,700	1,761,600	1,761,600
Grants, Loans or Benefits	326,400	1,000	1,000		
Capital Outlay	400,000	400,000	400,000	300,000	300,000
Construction	-2,260,500	72,500	72,500		
TOTAL EXPENDITURES	13,922,200	19,643,100	20,703,900	16,336,700	18,772,200
EXPENDITURES BY FUND SOURCE					
Road Fund	13,922,200	19,643,100	20,703,900	16,336,700	18,772,200
TOTAL EXPENDITURES	13,922,200	19,643,100	20,703,900	16,336,700	18,772,200

There are nine divisions organized under the State Highway Engineer's Office.

The Division of Construction supervises highway construction projects, providing administrative support for central office and district construction projects. It also assists Division of Materials staff in sampling and testing materials used in construction projects.

The Division of Materials establishes standards and controls relating to the quality of materials for the construction, maintenance, and operation of highways and bridges. The Division also develops, coordinates, and controls testing procedures that are conducted in the field.

The Division of Structural Design develops and prepares contract plans for all highway structures, as well as any special structures that the Transportation Cabinet builds as part of Kentucky's system of roads. The Division also designs and prepares plans for structural repair and rehabilitation of existing bridges, as well as the design of all overhead sign structures.

The Division of Highway Design, in conjunction with the district design offices, is responsible for the required design activities of the Cabinet's Six-Year Plan projects, including the preparation, assembly, and reproduction of construction plans for a project's award.

The Division of Environmental Analysis provides all environmental studies and documents required by federal agencies for federal aid transportation projects and for state funded projects that require federal permits. The division ensures compliance with all federal laws and regulations.

The Division of Right of Way and Utilities acquires property required for the construction and reconstruction of highways. This function involves obtaining title reports, performing appraisals and appraisal reviews, conducting negotiations, providing relocation assistance, facilitating property management, and initiating condemnation procedures on properties affected by proposed projects.

The Division of Program Management is responsible for developing Kentucky's Biennial Six-Year Highway Plan.

The Division of Planning provides the day-to-day administration and support for personnel involved in the Highway Planning program activities, including management, clerical support, training, and other overhead expenditures.

The Division of Program Performance is responsible for procuring the Cabinet's professional services relating to road contracts. This division advertises for engineering services, administers the pre-qualification process for consulting services, provides assistance to selection committees for contract awards, negotiates fees for consulting work sought by the Cabinet, and routinely confers with the Finance and Administration Cabinet and the Legislative Research Commission with respect to contract awards.

**Transportation
Highways
Planning**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
Federal Funds					
Current Receipts	11,712,600	12,511,100	13,001,500	12,511,100	13,001,500
Total Federal Funds	11,712,600	12,511,100	13,001,500	12,511,100	13,001,500
Road Fund					
Regular Appropriation	3,418,200	3,427,800	3,429,500	3,497,100	3,504,000
Total Road Fund	3,418,200	3,427,800	3,429,500	3,497,100	3,504,000
TOTAL SOURCE OF FUNDS	15,130,800	15,938,900	16,431,000	16,008,200	16,505,500
EXPENDITURES BY CLASS					
Personnel Cost	14,344,100	15,138,100	15,630,200	15,207,400	15,704,700
Operating Expenses	786,700	800,800	800,800	800,800	800,800
TOTAL EXPENDITURES	15,130,800	15,938,900	16,431,000	16,008,200	16,505,500
EXPENDITURES BY FUND SOURCE					
Federal Funds	11,712,600	12,511,100	13,001,500	12,511,100	13,001,500
Road Fund	3,418,200	3,427,800	3,429,500	3,497,100	3,504,000
TOTAL EXPENDITURES	15,130,800	15,938,900	16,431,000	16,008,200	16,505,500

The Planning program is responsible for administrative and technical support and implements transportation planning activities statewide. The program is charged with a variety of statewide planning initiatives including: rail planning, carpooling, alternative fuel, bikeway, pedway, and ferry operations. In addition, it coordinates the Kentucky Scenic Highway and Byway System, manages the traffic data collection and processing equipment, maintains the Highway Information System, and coordinates air quality conformity with several state and federal agencies.

Highway Planning evaluates state-maintained streets and highways to ensure that available federal and state funds are utilized to maximum efficiency. The Planning unit maintains an inventory of all roadway classifications and prepares city, county, and state road maps for sale and distribution. The program also furnishes statistics required by the Federal Highway Administration and state and local government decision-makers.

Metropolitan Planning maintains and distributes federal funding to nine metropolitan planning organizations (MPOs) to implement the continuing, comprehensive, and cooperative planning process, which is mandated by federal law. The MPOs study the impact of transportation operations in urbanized areas concerning congestion management, air quality, environmental issues, public involvement, land use and development, and public transportation.

Area Development Districts (ADDs) Assistance administers a regional planning and public participation process in the state's 15 ADDs as part of the Cabinet's overall statewide transportation planning process, as required by 23 USC and 23 CFR 450. The Cabinet contracts with each ADD for activities in support of the regional and statewide planning process, including public involvement, data collection, analysis, identification of needs, project recommendations, regional prioritization of projects, and technical assistance and review.

**Transportation
Highways
Highway Operations**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
Road Fund					
Regular Appropriation	21,464,900	26,918,300	28,912,000	22,190,800	22,967,300
Total Road Fund	21,464,900	26,918,300	28,912,000	22,190,800	22,967,300
TOTAL SOURCE OF FUNDS	21,464,900	26,918,300	28,912,000	22,190,800	22,967,300
EXPENDITURES BY CLASS					
Personnel Cost	19,932,000	26,540,500	28,534,200	20,809,300	21,585,800
Operating Expenses	1,532,900	377,800	377,800	1,381,500	1,381,500
TOTAL EXPENDITURES	21,464,900	26,918,300	28,912,000	22,190,800	22,967,300
EXPENDITURES BY FUND SOURCE					
Road Fund	21,464,900	26,918,300	28,912,000	22,190,800	22,967,300
TOTAL EXPENDITURES	21,464,900	26,918,300	28,912,000	22,190,800	22,967,300

In accordance with KRS Chapter 176, the Highway Operations program provides leadership, management, and central administrative support and funding for central office and district operations for the Transportation Cabinet's Department of Highways. The Commissioner of Highways administers the Department, which governs the State Highway Engineer's Office, three offices which include 13 divisions, and 12 district offices. In the 12 district offices, the Chief District Engineer manages the road project functions and reports to the State Highway Engineer.

The State Highway Engineer's Office manages and coordinates the engineering functions of the Cabinet, reviews management, engineering, and personnel reports and recommendations from the engineering and professional divisions, staff and Deputy State Highway Engineers. In addition, the Office administers the Cabinet's Engineering Scholarship program and the Engineering Graduate Training program, coordinates the Research program, and manages special projects, such as the Louisville Bridges project.

Contract procurement activities are also a part of the Highway Operations program and include prequalifying road contractors, advertising bids for road construction projects, awarding contracts, and issuing work orders and monitoring required contract provisions.

**Transportation
Highways
Equipment Services**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	12,950,200	2,864,200	2,864,200	2,864,200	2,864,200
Current Receipts	48,243,400	51,033,400	52,138,500	51,033,400	52,138,500
Total Restricted Funds	61,193,600	53,897,600	55,002,700	53,897,600	55,002,700
TOTAL SOURCE OF FUNDS	61,193,600	53,897,600	55,002,700	53,897,600	55,002,700
EXPENDITURES BY CLASS					
Personnel Cost	11,578,500	14,341,900	15,447,000	11,101,500	11,477,100
Operating Expenses	16,005,400	15,050,200	15,050,200	15,050,400	15,050,400
Grants, Loans or Benefits	6,000	6,000	6,000		
Capital Outlay	12,179,500	3,093,500	3,093,500	4,000,000	4,000,000
Construction	18,560,000	18,541,800	18,541,800	20,881,500	21,611,000
TOTAL EXPENDITURES	58,329,400	51,033,400	52,138,500	51,033,400	52,138,500
EXPENDITURES BY FUND SOURCE					
Restricted Funds	58,329,400	51,033,400	52,138,500	51,033,400	52,138,500
TOTAL EXPENDITURES	58,329,400	51,033,400	52,138,500	51,033,400	52,138,500

The mission of the Equipment Services program is to provide highway construction and maintenance equipment for use by the Department of Highways. The unit purchases and maintains all the Cabinet's trucks, heavy equipment, and various pieces of support machinery. This program provides its services through the central office garage in Frankfort and a network of 14 repair garages located throughout the state.

**Transportation
Public Transportation**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	5,203,400	6,828,600	6,828,600	4,528,200	4,528,200
Continuing Appropriation	3,356,200				
Base Deduction	-2,950,000				
Total General Fund	5,609,600	6,828,600	6,828,600	4,528,200	4,528,200
Restricted Funds					
Current Receipts	555,700	634,100	686,200	505,600	522,500
Total Restricted Funds	555,700	634,100	686,200	505,600	522,500
Federal Funds					
Balance Forward	33,600				
Current Receipts	40,233,600	30,907,800	30,944,100	30,907,800	30,944,100
Total Federal Funds	40,267,200	30,907,800	30,944,100	30,907,800	30,944,100
TOTAL SOURCE OF FUNDS	46,432,500	38,370,500	38,458,900	35,941,600	35,994,800
EXPENDITURES BY CLASS					
Personnel Cost	1,412,600	1,666,300	1,754,700	1,255,500	1,281,900
Operating Expenses	253,900	172,600	172,600	125,300	125,300
Grants, Loans or Benefits	44,766,000	36,531,600	36,531,600	34,560,800	34,587,600
TOTAL EXPENDITURES	46,432,500	38,370,500	38,458,900	35,941,600	35,994,800
EXPENDITURES BY FUND SOURCE					
General Fund	5,609,600	6,828,600	6,828,600	4,528,200	4,528,200
Restricted Funds	555,700	634,100	686,200	505,600	522,500
Federal Funds	40,267,200	30,907,800	30,944,100	30,907,800	30,944,100
TOTAL EXPENDITURES	46,432,500	38,370,500	38,458,900	35,941,600	35,994,800
EXPENDITURES BY UNIT					
Public Transportation	45,394,000	37,253,600	37,289,900	35,011,200	35,047,500
Multi-Modal Transportation	482,800	482,800	482,800	424,800	424,800
Human Services Delivery	555,700	634,100	686,200	505,600	522,500
TOTAL EXPENDITURES	46,432,500	38,370,500	38,458,900	35,941,600	35,994,800

The Public Transportation appropriation unit is comprised of three programs: Public Transportation, Multi-Modal, and Human Services Transportation Delivery. The Public Transportation program offers technical and financial assistance to public transportation providers and the metropolitan planning organizations throughout the state through the federal programs: Sections 5303, 5307, 5309, 5310, 5311, 5316, and 5317. Federal Funds, combined with General Fund, Restricted Funds, and local matching funds, allow public transit authorities to acquire buses and vans.

The Multi-Modal program partners with the 15 area development districts with respect to regional and statewide transportation planning processes. This partnership generates public involvement with respect to identifying and prioritizing needs and assists in the project recommendation process, including the coordination of the Statewide Transportation Plan, the State Transportation Improvement program, and the Six-Year Highway Plan.

The Human Service Transportation Delivery program is a partnership of the Transportation Cabinet, the Medicaid program, the Office for Vocational Rehabilitation, and the Office for the Blind. This partnership provides non-emergency medical transportation, jobs access transportation, and transportation to day care facilities.

Policy

The Executive Budget provides for the use of Toll Credits to be used by the Public Transportation unit and public transit authorities as the match for federal funds. The Executive Budget holds harmless the funding supporting the Non-Public School Transportation program. Due to the timing of historical payments to eligible participating schools \$2,950,000 in General Fund support will be provided in both fiscal year 2009 and fiscal year 2010. In fiscal year 2008, \$2,950,000 shall lapse to the credit of the General Fund.

**Transportation
Revenue Sharing**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	42,719,100				
Total Restricted Funds	42,719,100				
Road Fund					
Regular Appropriation	245,076,700	287,956,500	317,240,700	287,800,600	318,180,600
Other-Road	20,771,400				
Total Road Fund	265,848,100	287,956,500	317,240,700	287,800,600	318,180,600
TOTAL SOURCE OF FUNDS	308,567,200	287,956,500	317,240,700	287,800,600	318,180,600
EXPENDITURES BY CLASS					
Personnel Cost	4,139,700	3,986,600	4,142,300	3,396,400	3,422,000
Operating Expenses	3,950,400	3,902,438	3,902,438	3,896,000	3,891,200
Grants, Loans or Benefits	185,572,100	154,669,200	170,425,200	154,682,300	171,075,200
Construction	114,905,000	125,398,262	138,770,762	125,825,900	139,792,200
TOTAL EXPENDITURES	308,567,200	287,956,500	317,240,700	287,800,600	318,180,600
EXPENDITURES BY FUND SOURCE					
Restricted Funds	42,719,100				
Road Fund	265,848,100	287,956,500	317,240,700	287,800,600	318,180,600
TOTAL EXPENDITURES	308,567,200	287,956,500	317,240,700	287,800,600	318,180,600
EXPENDITURES BY UNIT					
County Road Aid	116,853,500	108,609,100	119,698,900	108,618,300	120,156,400
Rural Secondary	121,683,300	131,755,400	145,208,600	131,766,500	145,763,600
Municipal Aid	68,377,400	45,698,900	50,365,100	45,702,800	50,557,600
Energy Recovery	853,000	903,000	903,000	913,000	903,000
Special Programs	800,000	990,100	1,065,100	800,000	800,000
TOTAL EXPENDITURES	308,567,200	287,956,500	317,240,700	287,800,600	318,180,600

There are five components of the Revenue Sharing program: the County Road Aid program, authorized by KRS 179.410-179.415; the Rural Secondary Aid program, authorized by KRS 177.320; the Municipal Road Aid program, authorized by KRS 177.365; the Energy Recovery Road Fund program, authorized by KRS 177.977-177.990; and the Department of Governmental Relations. The department contains three offices: the Office of Special Programs, the Office of Rural and Secondary Roads, and the Office of Transportation Delivery. The Kentucky Bicycle and Bikeway Commission is attached to the department for administrative purposes. It must be noted that for budgetary purposes, the Office of Transportation Delivery is connected to the Public Transportation appropriation unit. Funding for each program is based on the amount of certain taxes or fees collected.

The County Road Aid program and Rural Secondary Aid program receive a portion of the state's motor fuels tax collections. The County Road Aid program receives 18.3 percent of motor fuels tax collections. The County Road Aid program includes all of Kentucky's counties, municipalities, and qualified unincorporated urban areas. The Rural Secondary Aid program receives 22.2 percent of motor fuels tax collections. These funds are used to repair and maintain rural and secondary roads. Funds for both programs are allocated through a formula known as the "formula of fifths," as stated in KRS 177.360. Each county receives a portion of the statewide total as follows: one-fifth is divided evenly among all counties, one-fifth is divided proportionately based on the amount of rural population in each county, one-fifth is distributed on the basis of rural road mileage in each county, and two-fifths is apportioned according to each county's share of the total land area in the state.

The Municipal Road Aid program is funded by 7.7 percent of motor fuels tax collections. Distribution is made through a formula based upon the population contained in each city or unincorporated urban area.

Forty percent of the revenues collected from extended vehicle weight fees support the Energy Recovery Road System. Funds are distributed to the counties for the county-maintained portion of that system. The fund distribution is based on (1) the ratio of miles of roads in each county within this system to the total system miles, and (2) the ratio of the total tons of coal transported over the roads in each county to the total tons reported for the entire state. The Transportation Cabinet has the authority to expend the remaining 60 percent on the roads in the system.

The Department of Intergovernmental Relations coordinates three federally funded transportation improvement programs: Transportation Enhancements, Safe Routes to School, and the Transportation Congestion Mitigation and Air Quality program. These related programs are designed to strengthen the cultural, aesthetic, historic, and environmental aspects of Kentucky's transportation infrastructure.

Executive Order 2007-504, dated June 21, 2007 created the Department of Intergovernmental Relations.

Policy

Pursuant to KRS 138.220(3), effective July 1, 2005, one cent (\$0.01) and effective July 1, 2006, two and one-tenth cents (\$0.021), of the tax collected under the motor fuel tax shall be excluded from the calculations of revenue sharing distributions as prescribed in KRS 177.320(1) (the Rural Secondary program) and KRS 177.320(2) (the County Road Aid program) and 177.365 (the Municipal Road Aid program).

**Transportation
Vehicle Regulation**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
SOURCE OF FUNDS					
General Fund					
Regular Appropriation		147,100	203,000		3,357,000
Total General Fund		147,100	203,000		3,357,000
Restricted Funds					
Balance Forward	6,456,700	12,732,200	1,823,000	8,415,300	3,120,700
Current Receipts	17,208,400	12,871,700	12,962,300	16,836,700	16,927,300
Non-Revenue Receipts	1,953,000	-75,000	-75,000	-75,000	-75,000
Fund Transfers	-6,400,000			-2,500,000	-3,357,000
Total Restricted Funds	19,218,100	25,528,900	14,710,300	22,677,000	16,616,000
Federal Funds					
Current Receipts	5,214,500	640,600	640,600	640,600	640,600
Total Federal Funds	5,214,500	640,600	640,600	640,600	640,600
Road Fund					
Regular Appropriation	18,234,700	25,029,000	26,576,700	19,262,800	20,622,700
Total Road Fund	18,234,700	25,029,000	26,576,700	19,262,800	20,622,700
TOTAL SOURCE OF FUNDS	42,667,300	51,345,600	42,130,600	42,580,400	41,236,300
EXPENDITURES BY CLASS					
Personnel Cost	18,672,700	18,649,800	20,170,500	14,577,400	14,996,100
Operating Expenses	11,551,300	21,289,700	15,487,100	20,799,200	14,770,700
Grants, Loans or Benefits	4,000,000			4,083,100	4,000,000
Debt Service		3,747,000	3,747,000		3,357,000
Capital Outlay	28,000				
Construction		5,836,100	3,000		
TOTAL EXPENDITURES	34,252,000	49,522,600	39,407,600	39,459,700	37,123,800
EXPENDITURES BY FUND SOURCE					
General Fund		147,100	203,000		3,357,000
Restricted Funds	10,802,800	23,705,900	11,987,300	19,556,300	12,503,500
Federal Funds	5,214,500	640,600	640,600	640,600	640,600
Road Fund	18,234,700	25,029,000	26,576,700	19,262,800	20,622,700
TOTAL EXPENDITURES	34,252,000	49,522,600	39,407,600	39,459,700	37,123,800
EXPENDITURES BY UNIT					
Commissioner	2,460,800	2,532,500	2,623,300	2,296,200	2,326,500
Drivers Licensing	13,933,900	14,118,000	14,616,800	10,570,600	10,741,700
Motor Carriers	2,827,600	3,841,000	4,466,700	2,866,800	2,968,200
Motor Vehicle Licensing	13,979,700	27,834,000	16,447,800	22,819,400	20,164,200
Motor Vehicle Commission	1,050,000	1,197,100	1,253,000	906,700	923,200
TOTAL EXPENDITURES	34,252,000	49,522,600	39,407,600	39,459,700	37,123,800

The Department of Vehicle Regulation includes the Commissioner's Office and the following divisions: Driver Licensing, Motor Carriers, and Motor Vehicle Licensing. The Motor Vehicle Commission is also administratively attached to the Department.

Under KRS Chapters 186, 187, 189A, 218A, 281A, and KRS 159.051, the Division of Driver Licensing maintains driver history records for approximately three million drivers. The Division issues licenses to commercial drivers who meet statutory requirements. The Division also enforces driver license suspensions, revocations, and driver limitation programs. It operates State Traffic School programs, including the Graduated Licensing program.

The Division of Motor Carriers collects and processes fuel and highway use tax from commercial motor carriers, as authorized under KRS Chapter 138. Under KRS Chapter 186, it assigns apportioned license plates to interstate Kentucky motor carriers. In accordance with KRS Chapter 281, the Division qualifies all for-hire transportation within the state. It is also responsible for permitting and routing overweight and over-dimensional loads (KRS 189.270), maintaining a solid-waste permitting system (KRS 174.450), and permitting and licensing U-Drive-It rental and leasing operations. Pursuant to KRS 177.9771, the Motor Carrier Division administers the extended weight decal program.

The Division of Motor Vehicle Licensing provides for the titling and registration of motor vehicles and boats in accordance with KRS Chapters 186, 186A, 235, and 376. It maintains the Automated Vehicle Information System (AVIS) and controls title distribution functions. Registration and title applications are initiated through local county clerks' offices. KRS 186.240 (3) requires a new plate issuance every five (5) years for plates that do not expire annually. A fifty-cent (\$.50) fee for each reflectorized plate issued is retained in a Restricted Fund to pay for the new plates.

Pursuant to KRS Chapter 190, the Kentucky Motor Vehicle Commission licenses and regulates motor vehicle manufacturers, dealers, and salespersons. It is funded through license fees that are deposited into a Restricted Fund account.

Policy

The Executive Budget recommends a \$25 million information technology capital project to replace the AVIS System. The AVIS System is currently an antiquated mainframe system placed in service in the 1980s. The new AVIS System will be the companion tool for tracking vehicle information for the Division of Motor Vehicle Licensing and county court clerks throughout the state. The 2006 Regular Session of the General Assembly amended KRS 186.040 to allow the county clerks to collect an additional \$3 for each motor vehicle licensed in Kentucky. One of these dollars is dedicated to replacing the current AVIS System. The Governor's budget recommendation proposes to issue General Fund bonds to replace AVIS and use the annually recurring revenue stream to transfer to the General Fund to pay the debt service on the proposed bonds. General Fund debt service totaling \$3,357,000 is provided in fiscal year 2010 for the \$25 million in bonds.

Statewide

**Statewide
Budget Reserve Trust Fund**

SOURCE OF FUNDS	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
General Fund					
Continuing Appropriation	231,489,700	231,489,700	231,489,700	214,775,400	25,000,000
Total General Fund	231,489,700	231,489,700	231,489,700	214,775,400	25,000,000
TOTAL SOURCE OF FUNDS	231,489,700	231,489,700	231,489,700	214,775,400	25,000,000

The Budget Reserve Trust Fund is the Commonwealth's "Rainy Day Fund." KRS 48.705 provides for deposits to the Budget Reserve Trust Fund from direct appropriations, excess receipts, and unexpended appropriations, up to five percent of actual General Fund revenue receipts. These funds are appropriated and available in the event that actual General Fund revenue receipts during the biennium are not sufficient to meet the General Fund appropriation levels authorized in the budget. These funds are also available as a resource for Necessary Governmental Expenses when there is no General Fund surplus.

The balance of the Budget Reserve Trust Fund at the end of fiscal year 2007 was \$231,489,700.

Policy

House Bill 380, the 2006-08 budget Act, as modified by House Bill 557 from the 2006 General Assembly, decreased the Budget Reserve Trust Fund by \$27,290,300 in fiscal year 2008, making that amount available for appropriations elsewhere. This budgeted use of the Budget Reserve Trust Fund was lessened as a result of vetoes made to House Bill 380, requiring that only \$16,714,300 be made available for appropriations from the Fund. This brings the balance of the Fund to \$214,775,400.

The Executive Budget draws down the Budget Reserve Trust Fund in fiscal year 2009-10 by \$189,775,400 to a balance of \$25,000,000. The unprecedented fiscal situation facing the Commonwealth requires the use of this resource to sustain critical spending areas.

The General Fund Surplus Expenditure Plan provides for the prospect of additional deposits to the Budget Reserve Trust Fund should the Commonwealth enjoy any undesignated General Fund balances at the end of fiscal years 2007-08 and 2008-09.

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